

Also, a bill (H. R. 7168) for the relief of James R. Hess; to the Committee on Military Affairs.

By Mr. STRONG of Kansas: A bill (H. R. 7169) granting an increase of pension to Maggie Pickett; to the Committee on Invalid Pensions.

By Mr. THOMASON: A bill (H. R. 7170) granting an increase of pension to John P. Phillips; to the Committee on Pensions.

By Mr. VESTAL: A bill (H. R. 7171) granting a pension to Margaret Thurman; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 7172) granting an increase of pension to Katherine M. De Witt; to the Committee on Invalid Pensions.

By Mr. WELCH of California: A bill (H. R. 7173) granting a pension to Joseph J. Carroll; to the Committee on Pensions.

Also, a bill (H. R. 7174) for the relief of James J. Meaney; to the Committee on Military Affairs.

Also, a bill (H. R. 7175) for the relief of Abe Rubenstein; to the Committee on Naval Affairs.

By Mr. WELSH of Pennsylvania: A bill (H. R. 7176) granting a pension to Esther Simpson Bingham; to the Committee on Pensions.

By Mr. WILLIAMS of Missouri: A bill (H. R. 7177) granting a pension to Caroline Surrell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7178) granting a pension to Nellie F. French; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7179) granting a pension to Annie Rhodes; to the Committee on Invalid Pensions.

By Mr. WILSON: A bill (H. R. 7180) granting an increase of pension to Kizy A. Butler; to the Committee on Invalid Pensions.

By Mr. YON: A bill (H. R. 7181) for the relief of Homer V. Milton; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

271. By Mr. BOYLAN: Resolution adopted at a meeting of the Association of General Chairmen, Standard Railroad Organizations, in New York City, opposing all forms of transportation competing with the railroads under the jurisdiction of the Interstate Commerce Commission; to the Committee on Interstate Commerce.

272. Also, letter from the president of the Eppinger & Russell Co., of New York, N. Y., in re tax revision; to the Committee on Ways and Means.

273. Also, letter from Whitehead Bros. Co., New York, N. Y., opposing the proposed tax on automobiles and accessories; to the Committee on Ways and Means.

274. Also, telegram from A. R. Gribben, president of the Auburn Sales Co. (Inc.), New York, N. Y., opposing tax on automobiles and accessories; to the Committee on Ways and Means.

275. Also, letter from the president of the Simons, Stewart Co. (Inc.), New York, N. Y., opposing tax on automobiles and accessories; to the Committee on Ways and Means.

276. By Mr. CLANCY: Petition of Emil Schwartz and John Petz and approximately 1,300 other residents of Detroit, for legislation curbing the chain-store system; to the Committee on Interstate and Foreign Commerce.

277. By Mr. CURRY: Petition of California State Association of Journeymen Barbers, that Congress take whatever action seems necessary to create in these United States a state of temperance in the use of intoxicating liquors; to the Committee on the Judiciary.

278. By Mr. DE PRIEST: Petition of Operative Plasterers and Cement Finishers' Industrial Association of the United States and Canada, Local No. 93, New Orleans, La., affiliated with the American Federation of Labor; to the Committee on the Judiciary.

279. By Mr. EATON of Colorado: Petition of the Larimer County Stockgrowers Association, opposing any further extension to the Rocky Mountain National Park in particular

or any other national park in the State of Colorado; to the Committee on the Public Lands.

280. By Mr. ENGLEBRIGHT: Petition of California Farmers' Convention, Sacramento, Calif., December 2, 3, and 14, 1931, re National Farm Board; duty on importation on pineapples and bananas from all foreign countries; financing of foreign countries and competition of the Philippines and Cuba, causing wreckage of American farming; continuance of Federal Farm Board, adequate tariff the foundation of farm relief; to the Committee on Ways and Means.

281. Also, petition of George A. Marshall Camp, No. 89, Department of California, United Spanish War Veterans, to amend the act of Congress approved March 26, 1928; to the Committee on Military Affairs.

282. Also, petition of board of supervisors, city and county of San Francisco, Calif., to amend the Volstead Act; to the Committee on the Judiciary.

283. Also, petition of Shasta County Pomona Grante, through its secretary, Mrs. Gertrude A. Steger, for forest-fire control and preservation of the national forests; to the Committee on Agriculture.

284. Also, petition of Los Angeles section, American Society of Civil Engineers, for sufficient appropriations for mapping purposes; to the Committee on Appropriations.

285. By Mr. FITZPATRICK: Petition of the Ladies' Auxiliary 37 to Branch 36, National Association of Letter Carriers, opposing the passage of H. R. 4711 and 5467 reducing the salaries of Federal employees; to the Committee on Expenditures in the Executive Departments.

286. By Mr. HERR: Petition of the Chamber of Commerce of the city of Tacoma, urging the construction of naval vessels under the London agreement of 1930 to the maximum set by that treaty; to the Committee on Naval Affairs.

287. By Mr. KURTZ: Resolution from Pennsylvania Woman's Christian Temperance Union, opposing resubmission of national prohibition to the States by a resolution to submit an appeal amendment either to State conventions or to State legislatures for ratification; to the Committee on the Judiciary.

288. By Mr. PERSON: Resolution of city commission of the city of Royal Oak, Mich., favoring legislation which provides for the creation of a sinking fund to refinance legally constituted drainage districts; to the Committee on Irrigation and Reclamation.

289. Also, petition of citizens of Detroit, Mich., and vicinity, to enact legislation to curb the activities of the chain-store system; to the Committee on the Judiciary.

290. By Mr. SANDERS of Texas: Resolutions of the Disabled American Veterans of the World War, San Antonio Chapter, No. 14, relative to veterans' legislation; to the Committee on World War Veterans' Legislation.

291. Also, resolution of Disabled American Veterans of the World War, Heart of Texas Chapter, No. 19, Temple, Tex., relative to veterans' legislation; to the Committee on World War Veterans' Legislation.

292. By Mr. SNOW: Petition of Joseph Gagnon and many other citizens of Eagle Lake, Aroostook County, Me., urging that duty be placed on forest products; to the Committee on Ways and Means.

#### SENATE

THURSDAY, JANUARY 7, 1932

The Chaplain, Rev. Zebarny T. Phillips, D. D., offered the following prayer:

Almighty God, who abidest with us in the darkness even as in the light, leading us the while, hold captive every waiting thought as we contemplate anew the mystery of Thy indwelling; By our awareness of Thy presence quicken the sense of obligation involved in our relationship to Thee, our country, and our fellow men, that from the dark-woven flow of change the mask of transience may be lifted, revealing to the light our own immortal destiny. Bring Honour back to earth as king once more, cause Nobleness to walk our



ways again till Holiness through Love and Pain gives for our dearth the fullness of Thine own eternal life; through Jesus Christ our Lord. Amen.

#### THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

#### PERSONAL EXPLANATION—VOTES OF YESTERDAY

Mr. BLACK. Mr. President, on yesterday when the Senate voted on the so-called Norris "lame-duck" amendment to the Constitution I was in a committee meeting and by some oversight was not called into the Chamber. I wish to announce that if I had been present I would have voted against the Bingham amendment and for the Norris amendment.

I desire further to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] was also detained from the Senate on official business, and if he had been present he would have voted against the Bingham amendment and for the Norris amendment.

#### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Johnson	Robinson, Ind.
Austin	Davis	Jones	Sheppard
Bailey	Dickinson	Kean	Shipstead
Barbour	Dill	Kendrick	Shortridge
Barkley	Fess	Keyes	Smith
Bingham	Fletcher	King	Smoot
Black	Frazier	La Follette	Stelwer
Blaine	George	Lewis	Swanson
Borah	Glass	Logan	Thomas, Idaho
Bratton	Glenn	McGill	Thomas, Okla.
Brookhart	Goldsborough	McKellar	Townsend
Bulkeley	Gore	McNary	Trammell
Bulow	Hale	Metcalf	Tydings
Byrnes	Harris	Morrison	Vandenberg
Capper	Harrison	Moses	Wagner
Caraway	Hastings	Neely	Walcott
Connally	Hatfield	Norbeck	Walsh, Mass.
Coolidge	Hawes	Norris	Walsh, Mont.
Copeland	Hayden	Nye	Waterman
Costigan	Hebert	Pittman	Watson
Couzens	Howell	Reed	Wheeler
Cutting	Hull	Robinson, Ark.	White

Mr. KENDRICK. I desire to announce that my colleague the junior Senator from Wyoming [Mr. CAREY] is necessarily detained from the Senate on official business. I ask that this announcement may stand for the day as to all roll calls.

Mr. BLACK. I wish to announce that my colleague the junior Senator from Alabama [Mr. BANKHEAD] is absent on official business. I ask that this announcement may stand for all roll calls during the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present. The Senate will receive a message from the House of Representatives.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, in which it requested the concurrence of the Senate.

#### KELLY FIELD, TEX. (S. DOC. NO. 37)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation, fiscal year 1932, for the War Department, for the acquisition of certain land at Kelly Field, Tex., amounting to \$135,152.32, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

#### SUPPLEMENTAL ESTIMATES, TREASURY DEPARTMENT, 1932 (S. DOC. NO. 38)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year 1932, amounting to \$853,735, together with draft of a proposed provision pertaining to an existing appropriation under the Bureau of Customs, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### JUDGMENTS RENDERED BY THE COURT OF CLAIMS (S. DOC. NO. 39)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment, amounting to \$143,270.93, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### JUDGMENTS RENDERED AGAINST THE GOVERNMENT BY DISTRICT COURTS (S. DOC. NO. 40)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by the United States district courts, as submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment in total amount of \$19,856.21, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### CLAIMS FOR DAMAGES BY COLLISION WITH NAVAL VESSELS (S. DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting an estimate of appropriation, submitted by the Navy Department, to pay claims for damages by collision with naval vessels, amounting to \$5,988.75, which have been considered and adjusted pursuant to law and requiring an appropriation for their payment, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### CLAIMS ALLOWED BY GENERAL ACCOUNTING OFFICE (S. DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, schedules of claims amounting to \$50,547.21, allowed by the General Accounting Office, as covered by certificates of settlement, and so forth, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### FARM LOANS HELD BY FEDERAL AND JOINT-STOCK LAND BANKS (S. DOC. NO. 36)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, in response to Senate Resolution 86 (agreed to December 17, 1931), reporting relative to overdue farm loans held by Federal and joint-stock land banks, and of foreclosures thereunder on farms, with the exception of data relating to the joint-stock land banks in receivership, which was referred to the Committee on Banking and Currency and ordered to be printed.

#### REPORT OF SECRETARY OF THE SENATE

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1931, which was ordered to lie on the table and to be printed.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a petition from P. M. Cushing, of Babylon, N. Y., praying for the prompt adoption of the President's economic relief program, which was ordered to lie on the table.



He also laid before the Senate a letter, with an accompanying statement in the nature of a memorial, signed by Rev. Robert F. Coates and others, being district superintendents of the Washington Annual Conference of the Methodist Episcopal Church, at Washington, D. C., protesting against the lynching of Mathew Williams in the town of Salisbury, Md., December 4, 1931; also of Thomas Jackson and George Banks in the city of Lewisburg, W. Va., December 10, 1931; and remonstrating against mob violence, which, with the accompanying paper, was referred to the Committee on the Judiciary.

Mr. COPELAND presented resolutions unanimously adopted by Peter Muehlenberg Unit No. 143, Steuben Society of America, at Flushing, N. Y., favoring the repeal of the eighteenth amendment to the Constitution, which were referred to the Committee on the Judiciary.

#### DISTRIBUTION OF SURPLUS FARM BOARD WHEAT

Mr. CAPPER. Mr. President, I have received many favorable letters and editorial comment relating to the joint resolution recently adopted by the Senate providing for the distribution of the surplus Farm Board wheat to the needy through the Red Cross or other charitable organizations.

The Farm Board has about 160,000,000 bushels of wheat. The country as a whole seems to realize the inconsistency of the Government paying nearly a quarter of a million dollars a month storage on this wheat while hundreds of thousands, perhaps millions, of our citizens are suffering for lack of food. Moreover, this surplus wheat is a constant threat to the wheat growers of the country. The more quickly the Farm Board gets rid of its surplus wheat holdings the better will be the economic position of agriculture. The elevator interests opposing the measure are showing poor judgment, to say the least, in my opinion.

It is not my intention to occupy the time of the Senate in discussing a measure already approved, but for the information of the country I ask unanimous consent that an illuminating statement by Judge Will Cummings, published recently in the Chattanooga Times, and several editorials from newspapers in various sections of the country be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Chattanooga (Tenn.) Times]  
CUMMINGS PRAISES WHEAT-DOLE PLANS

The recent recommendation of the Federal Farm Board that Congress authorize the distribution of 40,000,000 bushels of the surplus wheat now held by this governmental agency to the unemployed and needy was suggested to President Hoover last August 2 in a telegram to the President by Judge Will Cummings.

In its report to Congress the Federal Farm Board recommended that it be authorized to distribute through the Red Cross 40,000,000 bushels of the 200,000,000 bushels of surplus wheat it now holds. As the result of this report, Senators CAPPER and WHEELER, of the Wheat Belt, introduced a bill in the Senate which would authorize the distribution. No vote, however, will be had on this bill until after the holidays, according to dispatches from Washington.

In a later report the board requested that Congress repay the board for the wheat in the event it was decided that it should be distributed.

In the telegram to the President last August Judge Cummings said:

"In view of our experience with bread lines over the country, it is my earnest opinion that the surplus wheat crop should, through the Farm Board, be prorated to the various cities and counties over the country which are having to feed the unfortunate. I believe the conditions will be worse during the coming winter, and it would seriously affect the market to put this surplus on it at this time. I trust that you will give my suggestion thorough consideration."

A week later Judge Cummings received a letter from Edward Markham, assistant to the chairman of the Farm Board, which reads as follows:

"The White House has referred to the Farm Board your telegram of August 2, addressed to the President.

"The suggestion you make in regard to turning the stabilization wheat supplies over to the various communities throughout the country for distribution to the needy has been noted. Congressional action is necessary before anything of this kind can be done. The agricultural marketing act does not permit the giving away of stabilization supplies. If there is anything the board can do under the law to meet the emergency situation you may rest assured that it will be done."

Immediately following receipt of his letter Judge Cummings wrote each member of the Tennessee delegation in Congress requesting him to introduce or support a bill which would authorize distribution of the surplus wheat to the unemployed and needy.

In a statement yesterday Judge Cummings requested that everybody interested in the welfare of the unemployed and needy write to the Tennessee Members of Congress urging them to support the Capper-Wheeler bill.

"There is no use for good people in the country to go hungry when there are 200,000,000 bushels of wheat stored away by the Federal Government to prevent its being placed on the market," Judge Cummings declared. "This wheat was bought from farmers to keep it off the market. Had it been dumped on the market there would have been a multitude of bankruptcies among the farmers in the Wheat Belt. As it is now they are being paid but little for their grain.

"It would be an everlasting shame and disgrace if people were allowed to go hungry in this country when this great Government has 200,000,000 bushels of wheat. This is a time of peril and strife. It is a time when ordinary conditions are reversed. What would be bad in normal times would be good now. We all know that it is a bad policy for the Government to feed its citizens, but also that it would be worse for any government to let its people starve.

"Starvation in a country which has been blessed with foodstuffs over and above the supply needed for itself and other countries where it finds markets is unthinkable. I do not believe that the red-blooded men in Congress will permit anything like this to happen when they can help it.

"Everything has been considered concerning this wheat. Some have suggested it be burned; others suggest it be destroyed by other means. It would be a rebuke to Providence to destroy anything that can be used to feed the hungry.

"I am happy that the Farm Board adopted the suggestion which I offered last August. I trust that Congress will authorize the distribution of this wheat. I know of no better agency to do the distributing than the Red Cross. I shall urge the Tennessee delegation to vote for this bill when it is offered. I hope that everybody else interested in the welfare of the unemployed and needy will see fit to urge similar action on the part of the Tennessee delegation."

[From the Philadelphia (Pa.) Bulletin]

#### UNCLE SAM'S WHEAT BINS

Uncle Sam, in the person of the Stabilization Corporation subsidiary to the Federal Farm Board, has over 160,000,000 bushels of wheat actually in hand and storage. There is no chance that he can sell it in the near future, if ever. It has been paid for or, at least, has been taken under contract and Uncle Sam must pay for it sooner or later and sustain the carrying charges until his bill is settled.

Senator CAPPER has introduced a resolution making 20,000,000 bushels of this wheat available to States or their political subdivisions, or to approved charitable organizations for relief. Senator WHEELER has proposed that 50,000,000 bushels be made available for the American Red Cross for distribution. Senator DICKINSON, of Iowa, proposes that any or all of it, and the cotton accumulated in stabilization efforts, shall be available up to the 15th of next March for any relief agency approved by the Federal Farm Board. And a subcommittee of the Senate Committee on Agriculture is working on a composite measure of such purport.

The man on the street, on Main Street and all the cross streets of the United States, can be depended on to applaud. The idea is in keeping with Christmas sentiment. It is difficult to convince the average person that anybody in the United States should be starving for bread when Uncle Sam has 160,000,000 bushels of wheat that he does not know how to sell, and for which he has already paid or become obligated to pay.

Such distribution of wheat may be in principle the equivalent of a distribution of Treasury funds, and be in denial of the principle properly established barring the use of Federal funds for direct relief. But the argument will have difficulty in overruling the sympathetic sentiment, if the material problems involved in the proposed distribution can be solved.

Chairman Stone, of the Federal Farm Board, does not think that the proposed distribution would hurt the normal wheat market, because the wheat, even if it were to be turned over to millers, and flour taken for distribution in barter, would go to consumers who otherwise would not buy for lack of money. But he argues that money would have to be provided from the Treasury to reimburse the Farm Board, or the Stabilization Corporation, because there are liens upon much of their holdings which must be taken care of if the wheat be withdrawn. The Farm Board does not object, however, and the farming interest in Congress backs the idea.

The attitude of the administration has not been indicated. The President has consistently opposed direct Federal relief, and with good and sound reason. The logic of his position may challenge this proposal. But logic may yield—ought to yield—if it can be shown that there is a way by which this wheat can be converted into bread and furnish food for thousands of families that would go hungry without it. So far the practical requirements of the plan have not been worked out. If they shall be, it ought to be as desirable and as feasible to use some of Uncle Sam's big store to relieve hunger in this country as it was to provide relief for famine in China.



[From the Titusville (Pa.) Herald]

## WHEAT FOR THE NEEDY

It will be hard to drum up much opposition to the Capper resolution, which directs that 40,000,000 bushels of the wheat now held by the Farm Board shall be turned over to the Red Cross or other appropriate relief agencies for free distribution among the needy of the country.

Objections offered can hardly be based on anything more fundamental than red tape. As far as the principle is concerned, Americans can not forget the wheat paid for by our Government and distributed in Europe after the World War. That makes a pretty convincing precedent, if one is wanted. There are also the practical considerations that the wheat now on the board's hands is "eating itself up in storage and insurance charges," that the Government may really save money in the long run by giving it away, and that such disposal will interfere little, if any, with the purpose in view when the board bought the wheat, because it will not be thrown into the market.

To most citizens the main point is that it will be an obvious and praiseworthy act of mercy.

[From the Waco (Tex.) News Tribune.]

## FREE WHEAT FOR JOBLESS

Senator ARTHUR CAPPER, Republican, of Kansas, and Senator BURTON F. WHEELER, Democrat, of Montana, sponsored a bill to give 40,000,000 bushels of Farm Board wheat to the unemployed. It is said that the bill was drafted with the approval of the Agricultural Committee. Senator W. H. KING, Democrat, of Utah, blocked immediate action. The legislation would turn grain from the Farm Board surplus over to the American Red Cross or to any other charitable organization designated by the President. Well, the Government owns the grain. There are millions to be fed. Why not reduce the wheat surplus? It would not be in the nature of a dole. Bread is the staff of life. There is a huge surplus of wheat. American taxpayers, through a Government board, purchased the wheat. Food for the hungry, shelter for the homeless, clothing for the ragged. This is the holiday season. Make the most of it.

[From the Mount Vernon (Ohio) Republican News]

## USING SURPLUS GRAIN

One of the tragedies of the present depression has been the fact that thousands of persons have been suffering acutely from hunger, or at least have been forced to do without nourishing food, during a year when the farms of the country were producing some of the largest crops ever grown upon them. Elevators are bursting with grain for which there is no market, yet thousands have been suffering for want of bread. These two sides of the picture don't jibe. If Americans are hungry and there is food, they should be fed. Therefore the plan of Senator CAPPER, of Kansas, to distribute 40,000,000 bushels of wheat now being held by the Farm Board as a part of the immense supply it brought in an effort to stabilize prices appeals to public fancy. In the first place, the wheat being held by the Farm Board is a threat to the grain market, and the mere fact of its existence undoubtedly has an effect on price of this grain. Its elimination is desirable. In the second, the longer the wheat is held in storage by the Government the greater the bill the American taxpayer will have to pay in storage charges. In the third, and most important, if there are hungry to be fed and the Government has wheat, feed them at all costs. There should be no hesitation about using this wheat for the relief of suffering humanity.

[From the Cumberland (Md.) Times]

## RELIEF WHEAT

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[From the Iron Mountain (Mich.) News]

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[From the Bayonne (N. J.) Times]

## FREE WHEAT FOR POOR

In direct opposition to President Hoover's policy of no direct Federal aid for the hungry, the Senate Agriculture Committee yesterday put its O. K. on Senator CAPPER's resolution to give the American Red Cross 40,000,000 bushels of wheat for free distribution to the country's poor.

Should this measure be given congressional sanction, as is not improbable, the move will, of course, set a very important precedent. It will be the first direct step taken by the Government at Washington to place surplus foods in the hands of those who need it but can't buy it; it will mark an end to the rigid policy that Government aid should go no further than furnishing jobs and encouraging State and local relief. It will be our nearest approach, probably, to a dole.

Two or three months ago no such idea would have been seriously entertained. But the situation has been aggravated. Senator CAPPER urges: "We must act quickly, as conditions are much worse than a year ago."

It will be interesting to see how the experiment, if attempted, works out. It has long been argued that any such food distribution would hurt commodity markets, with a counterargument that the hungry, having no money, were not prospective buyers and hence free food could not take the place of food that might be bought in stores.

[From the El Paso (Tex.) Post]

## BEFORE CHRISTMAS

Before Congress adjourns for Christmas it should give emergency relief to suffering farmers and to the unemployed of the cities.

This can be done by passing at once the Capper resolution empowering the Federal Farm Board to give 20,000,000 bushels of wheat to States, cities, and organizations willing to feed the hungry.

This would help the farmers by disposing of one-tenth of the Farm Board's wheat surplus which is now depressing the market. It would help the unemployed, who will not starve if given bread, or even boiled wheat.

While the larger problem of general relief is tied up in long debate, there is no reason why this simple emergency measure should be delayed.

The Farm Board officials favor it. There is no open opposition. For Senators and Congressmen to adjourn and make merry over the holidays without first giving this minimum of relief to hungry fellow citizens would be inexcusable.

## RELIEF OF THE UNEMPLOYED

Mr. DAVIS. I present a petition which has been placed in my hands to-day on the steps of the Capitol by a large



delegation of citizens of Pennsylvania. I desire to give notice that at a later date I shall address the Senate on the occasion and subject matter of the petition. I request that the petition be printed in the RECORD and appropriately referred.

There being no objection, the petition was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

#### RESOLUTION OF THE JOBLESS

Whereas, in this land of ours, the United States of America, the soil is rich, the earth is bursting with abundance, the bins are filled with grain, the storehouses are laden with goods, the shelves are overflowing with merchandise, the vaults are stacked with bars of gold, and the very channels of trade are choked by the undistributed surplus of the products of mill and mine and farm; and

Whereas, at the same time, 11,000,000 men and women offer their brawn and brain to the masters of work—but in vain; and

Whereas these men and women having exhausted their meager resources, with strength wasted, their bodies ravished by slow starvation, their spirits broken by despair, now lack shelter, are exposed to the cold, the rain, and the snow, and stand hungry in bread lines—mute symbols of an economic order out of joint; and

Whereas their children, undernourished, deprived of milk, often without shoes and without winter clothing, their development arrested and their growth stunted, are prey to the blighting diseases of malnutrition; and

Whereas evictions abound, families break up, and the foundation of ordered society is being undermined; and

Whereas the colossal wealth of these United States has been gathered into the hands of but a few, who own or control not only industry but the natural treasures of the earth—coal and oil, copper and iron, and even the power generated by the fall of waters; and

Whereas the individual merchant and artisan are being driven from the market place, from behind the counter and the work bench by huge organizations which add unit on unit to their endless chains; and

Whereas a handful of men, in control of vast wealth, are strengthening their hold upon the governments of the States and of the Nation and ever more directing the course of legislation; and

Whereas fearing that liberty and equality will perish in this land, that free men will be replaced by wage slaves, that monopolistic trusts will rule this country, and that these intolerable hardships will breed bloody uprisings and arouse armed revolts, the people of these United States are determined to reconsecrate this country to a true democracy, where every person, poor or rich, shall have an equal opportunity to work and to earn a decent livelihood, so that all may attain a standard of life which will assure individual contentment and a peaceful society: Now, therefore, be it

*Resolved by the army of jobless marching under the leadership of Father Cox—*

First. That Congress appropriate \$5,000,000,000 to be raised by the issue and sale of bonds and to be expended for the creation of work in public construction, including highways, public buildings, hospitals in rural districts, reforestation, flood control, and water-power conservation.

Second. That Congress immediately appropriate to the several States and municipalities, according to their need and number of unemployed, sufficient sums of money to be distributed, through agencies now functioning, for the purpose of providing food, clothing, and shelter to the needy and hungry who are out of work.

Third. That Congress appropriate sufficient sums of money for loans to reestablish the farmer, the backbone of a free nation.

Fourth. That the money for these appropriations be raised by the increase, up to 60 per cent, of the surtaxes on large incomes, effective on incomes earned in the year 1931; by the immediate raising of the Federal inheritance taxes on large estates up to 70 per cent; and by the levying of a large gift tax to prevent the evasion of the inheritance taxes, an evil now so flagrantly practiced; and be it further

*Resolved*, That a copy of this resolution be delivered by the Rev. Father James R. Cox to the President of the United States, to the Vice President, as presiding officer of the Senate, and to the Speaker of the House.

#### THE RASKOB PROHIBITION POLL

Mr. BROOKHART. Mr. President, I have before me a table presented to the country by Mr. John J. Raskob upon the question of prohibition. This table shows that he wrote to 77,000 contributors to the Democratic campaign fund in the last campaign. He was the chairman and manager of the Democratic campaign, and these 77,000 persons must have been his friends and financial supporters. He was attempting to promote some kind of a wet program. He received only 25,000 answers to his 77,000 requests.

Mr. President, as I look at that situation, it seems to me the more than 50,000 who did not answer Raskob are the Democratic straight dries who did not want to fool with his proposition. Of those who did answer, some 25,000 in number, 22 per cent were against incorporating the wet proposition in the Democratic platform. That makes 89 per cent of those of whom Raskob inquired who are against his anti-prohibition movement. I have inserted in the table another column, the first column following the names of the various States, accounting for the 67 per cent who voted dry by not voting at all. I ask leave to have the table, with the modification I have made, inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The table is as follows:

Results of Raskob poll

States	Number of contributors per 100,000 Democratic voters in 1928	Number of straight dries who refused to answer	In favor of short concise platform	In favor of submitting eighteenth amendment to people	In favor of requiring all future Federal amendments to be ratified by people	In favor of submitting home-rule amendment to people	In favor of submitting straight-repeal amendment to people	Preferring home-rule instead of straight-repeal amendment	Declaring Democratic platform can successfully ignore prohibition	In favor of submitting either home-rule or repeal amendment to people
		Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Alabama.....	256	67	93	82	91	75	71	54	40	84
Arizona.....	223	67	86	95	93	73	32	45	18	86
Arkansas.....	2,662	67	87	78	87	69	27	48	44	75
California.....	387	67	93	93	94	82	78	49	13	96
Colorado.....	259	67	93	93	94	82	83	42	22	92
Connecticut.....	757	67	94	98	98	88	90	49	11	99
Delaware.....	692	67	95	97	99	91	91	50	23	94
Florida.....	195	67	90	94	94	84	82	53	11	94
Georgia.....	402	67	96	89	91	78	70	53	24	87
Idaho.....	387	67	90	100	97	85	82	45	22	96
Illinois.....	316	67	95	98	98	86	89	51	11	96
Indiana.....	352	67	90	93	95	91	81	49	22	85
Iowa.....	279	67	92	96	99	86	85	54	21	95
Kansas.....	477	67	82	83	92	71	72	49	36	82
Kentucky.....	179	67	96	96	98	84	82	53	40	94
Louisiana.....	1,371	67	92	89	94	79	80	40	17	90
Maine.....	153	67	95	100	98	82	90	41	9	100
Maryland.....	283	67	95	95	97	86	86	51	11	97
Massachusetts.....	1,561	67	94	99	98	90	91	50	11	99
Michigan.....	287	67	93	97	97	85	87	67	13	94
Minnesota.....	407	67	92	96	98	83	82	55	15	98
Mississippi.....	2,979	67	91	81	84	71	64	64	38	78
Missouri.....	151	67	94	94	96	80	82	49	19	75
Montana.....	313	67	94	96	94	80	77	60	16	94
Nebraska.....	563	67	92	87	93	74	71	62	30	84
Nevada.....	214	67	100	100	100	89	90	30	10	100
New Hampshire.....	133	67	97	97	100	91	81	68	26	100
New Jersey.....	605	69	94	98	98	86	90	44	14	99
New Mexico.....	76	67	93	82	94	63	59	31	25	76
New York.....	833	67	95	99	98	87	88	49	10	99.5
North Carolina.....	89	67	87	88	90	82	70	53	31	86
North Dakota.....	49	67	100	100	95	83	87	69	89	100
Ohio.....	692	67	92	97	97	83	88	51	15	93
Oklahoma.....	479	67	86	80	87	68	67	57	46	77
Oregon.....	212	67	88	94	94	73	80	40	22	90
Pennsylvania.....	593	67	94	97	99	85	89	49	12	95



## Results of Raskob poll—Continued

States	Number of contributors per 100,000 Democratic voters in 1928	Number of straight dyes who refused to answer	In favor of short concise platform	In favor of submitting eighteenth amendment to people	In favor of requiring all future Federal amendments to be ratified by people	In favor of submitting home-rule amendment to people	In favor of submitting straight-repeal amendment to people	Preferring home rule instead of straight-repeal amendment	Declaring Democratic platform can successfully ignore prohibition	In favor of submitting either home-rule or repeal amendment to people
		Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Rhode Island.....	2,789	67	94	91	99	88	96	56	16	99
South Carolina.....	249	67	93	93	95	87	80	50	13	91
South Dakota.....	279	67	94	92	95	79	80	52	17	88
Tennessee.....	582	67	91	81	92	38	64	51	39	77
Texas.....	914	67	91	89	93	77	75	54	32	87
Utah.....	143	67	100	98	97	70	79	39	11	91
Vermont.....	2,707	67	90	99	97	87	89	55	17	96
Virginia.....	541	67	94	93	94	82	67	57	30	92
Washington.....	376	67	94	96	96	70	76	49	14	94
West Virginia.....	112	67	94	94	98	81	85	63	26	94
Wisconsin.....	201	67	90	95	97	83	87	58	14	97
Wyoming.....	303	67	92	85	94	75	75	33	24	88
District of Columbia.....		67	95	88	93	84	80	56	12	92
United States possessions.....		67	96	98	100	92	85	52	25	98
Total, United States.....	579		93	93	95	80	79	51	22	91

Net number of questionnaires mailed, deducting those returned by post office because of change of address, death of contributors, etc. 77,500

Number of replies to questionnaires received 25,578

Percentage of replies received to net mailing 33

## REPORTS OF COMMITTEES

Mr. BRATTON, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1588. An act to authorize the Secretary of the Interior to issue patents for lands held under color of title (Rept. No. 35); and

S. 1591. An act authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N. Mex. (Rept. No. 36).

Mr. FESS, from the Committee on the Library, to which were referred the following bill and joint resolution, reported them each without amendment:

S. 1861. An act authorizing the George Washington Bicentennial Commission to print and distribute additional sets of the writings of George Washington; and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

Mr. NORBECK, from the Committee on Banking and Currency, to which was referred the bill (H. R. 6172) to amend the Federal farm loan act, as amended, to provide for additional capital for Federal land banks, and for other purposes, reported it with amendments and submitted a report (No. 37) thereon.

Mr. THOMAS of Idaho, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 457) authorizing an addition to the Cache National Forest, Idaho, reported it without amendment and submitted a report (No. 38) thereon.

Mr. WALCOTT, from the Select Committee on Conservation of Wild Life Resources, to which was referred the bill (S. 2326) to establish fish and game sanctuaries in the national forests, reported it without amendment and submitted a report (No. 39) thereon.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mrs. CARAWAY:

A bill (S. 2726) granting a pension to Charlie A. Stacks; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 2727) to remove the charge of desertion from the record of Albert T. Lipford (with an accompanying paper); to the Committee on Military Affairs.

By Mr. McGILL:

A bill (S. 2728) granting an increase of pension to Lizzie DeVore Lincoln; to the Committee on Pensions.

By Mr. KING:

A bill (S. 2729) to grant prospecting permits for oil and gas on the public domain; to the Committee on Public Lands and Surveys.

By Mr. BROOKHART:

A bill (S. 2730) to amend section 12 of the Federal farm loan act, as amended; to the Committee on Banking and Currency.

A bill (S. 2731) to authorize the erection of a 300-bed addition to the United States Veterans' Administration hospital at Knoxville, Iowa; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 2732) creating an unemployment fund; to the Committee on Public Lands and Surveys.

A bill (S. 2733) providing for the establishment in the Department of State of a board of foreign affairs and a Foreign Service school; to the Committee on Foreign Relations.

A bill (S. 2734) granting a pension to Alfred F. Lynch (with accompanying papers); to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 2735) relating to the security required of banks acting as depositories of postal-savings funds; to the Committee on Post Offices and Post Roads.

By Mr. COPELAND:

A bill (S. 2736) for the relief of the Hellenic Transatlantic Steam Navigation Co.; to the Committee on Claims.

A bill (S. 2737) authorizing Chaplain Aristeo V. Simoni, major, United States Army, and Paul B. Malone, major general, United States Army, to accept the awards of the Order of the Crown of Italy tendered them; to the Committee on Military Affairs.

By Mr. HULL:

A bill (S. 2738) granting a pension to Nancy Jane Burnett; to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 2739) granting a pension to Margaret S. Hand (with accompanying papers); to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 2740) granting a pension to John H. Crawley; and

A bill (S. 2741) granting a pension to Dora Williams; to the Committee on Pensions.

A bill (S. 2742) to authorize Maj. W. W. Hicks, Coast Artillery Corps, United States Army, to accept such decorations, orders, and medals as have been tendered him by foreign governments in appreciation of services rendered (with accompanying papers); to the Committee on Military Affairs.

By Mr. GLENN:

A bill (S. 2744) granting a pension to Charles R. Lewis; and

A bill (S. 2745) granting a pension to James Edward Miller; to the Committee on Pensions.

By Mr. REED:

A bill (S. 2746) to amend the act entitled "An act making eligible for retirement under certain conditions officers and



former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the World War"; and

A bill (S. 2747) to amend section 1223 of the Revised Statutes of the United States, and the act entitled "An act to define the terms 'child' and 'children' as used in the acts of May 18, 1920, and June 10, 1922," approved February 21, 1929; to the Committee on Military Affairs.

A bill (S. 2748) to authorize the settlement, allowance, and payment of certain claims, and for other purposes (with accompanying papers); to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2749) to authorize the appointment of Staff Sergt. Ora E. Saunders as a warrant officer, United States Army (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 2750) to amend an act entitled "An act to provide for the further development of agricultural extension work between the agricultural colleges in the several States receiving the benefits of the act entitled 'An act donating public lands to the several States and Territories which may provide colleges for the benefit of agriculture and the mechanic arts,' approved July 2, 1862, and all acts supplementary thereto, and the United States Department of Agriculture," approved May 22, 1928 (U. S. C., Supp. III, title 7, secs. 343a, 343b); to the Committee on Agriculture and Forestry.

A bill (S. 2751) to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes; to the Committee on the District of Columbia.

By Mr. HAYDEN:

A bill (S. 2752) for the relief of Ira W. Baldwin; to the Committee on Military Affairs.

By Mr. SWANSON:

A bill (S. 2753) for the relief of Nels D'Arcy Drake (with an accompanying paper); to the Committee on Claims.

#### PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, I introduce, in behalf of the Senator from New Mexico [Mr. CUTTING] and myself, a bill providing for the independence of the Philippine people.

The bill is identical with one which we introduced at the last session of Congress, which was reported favorably to the Senate and placed upon the calendar for consideration.

The bill is introduced now so that it may have quick reference to the Committee on Territories and Insular Affairs and may be speedily considered by that committee. Some revision may be necessary; some changes probably should be made; but the discussion of these changes it is deemed advisable to leave to the committee.

I ask that certain conclusions submitted by the committee in its report on a similar bill at the last session may be printed in the RECORD in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it will be so ordered.

The bill (S. 2743) to provide for the withdrawal of the sovereignty of the United States over the Philippine Islands and for the recognition of their independence; to provide for notification thereof to foreign governments; to provide for the assumption by the Philippine government of obligations under the treaty with Spain; to define trade and other relations between the United States and the Philippine Islands on the basis of a progressive scale of tariff duties preparatory to complete independence; to provide for the calling of a convention to frame a constitution for the government of the Philippine Islands; to provide for certain mandatory provisions of the proposed constitution; to provide for the submission of the constitution to the Filipino people and its submission to the Congress of the United States for approval; to provide for the adjustment of property rights between the United States and the Philippine Islands; to provide for the acquisition of land by the United States for coaling and naval stations in the Philippine Is-

lands; to continue in force certain statutes until independence has been granted; and for other purposes, was read twice by its title and referred to the Committee on Territories and Insular Affairs.

The accompanying matter was referred to the Committee on Territories and Insular Affairs and ordered to be printed in the RECORD, as follows:

The committee found that a condition of uncertainty existed and reported to the Senate:

#### UNCERTAINTY MUST BE REMOVED

It is significant that, without exception, every witness of the many who appeared before your committee admitted that the present situation of uncertainty as to the political future of the Philippines should be removed. The record contains many appeals for a removal of the unsatisfactory conditions which exist at the present time. Even those who oppose early independence for the Philippines admit that the present dubious status of the islands should not be permitted to continue.

The reasons are manifest. The Filipino is neither a citizen of the United States nor is he a citizen of a free country. A Malayan by race, an oriental geographically and by tradition, a foreigner under certain of our statutory provisions, the Filipino has had 30 years of existence as a pseudo-American. Living 7,000 miles from our western coast, on 7,000 islands in the Far East Pacific, these 13,000,000 people, thrown by a great war into the protective arms of a western nation, find themselves, after a generation, to be in law and in fact neither Americans nor foreigners.

Every witness who appeared at the hearings, whether he was an official of the Federal or the insular government, or a private person with admitted economic interests at stake, agreed that a definite policy toward the Philippines would be both necessary and desirable as a means of curing the present uncertainty.

The initiative of the Filipino is hampered by his status. The development of 114,000 square miles of island area is being handicapped, and certain manufacturing possibilities are being dwarfed because of the general uncertainty.

American capital, doubtful of the future, declines to enter the islands. Foreign capital, with no voice whatever in the settlement of the problem, will not invest there. Under such conditions satisfactory economic progress is impossible.

The committee also found there were special interests, the farmer, union labor, and those favoring restrictions in immigration, who had appealed to the committee for a change. The committee used the following language:

#### THE AMERICAN FARMERS' INTEREST

In America there is one element of our national life which is now receiving attention from Congress, and which has appealed to Congress to change conditions with respect to the Philippines. The American farmer has an interest in the disposition of this important question.

Representatives of the American Farm Bureau Federation, the National Grange, and other farm organizations appeared before your committee to express their concern in this particular problem and, though they did not demand any unduly rigorous action on the part of Congress against the Philippine people, whom our Government committed itself to serve, they asked that we give consideration to their interests. They pointed out that in the 1,000-mile stretch of islands in the Philippines there was an area equal to the combined area of the States of New York, Connecticut, Massachusetts, New Jersey, and Vermont.

They pointed out that in this 114,000 square miles of territory there were vast agricultural areas, capable of great development and production, and they significantly reminded the committee that 80 per cent of the imports of products from the Philippine Islands into the United States to-day consists of farm products, while only 20 per cent of the exports of the United States to the Philippines is farm products. Since, perhaps, not more than one-seventh of the area of the Philippines is developed to-day, these figures give some idea of the extent to which the farmer in America has an interest in the competition from Philippine products.

It may be well to mention at this point that while the agricultural imports from the Philippines are increasing, the United States is at the same time developing irrigation systems with the object of converting to agricultural purposes vast areas of lands in our own western country. All of this new acreage in America is being brought into competition with the farmers who are here to-day. In his present financial condition the American farmer's interest in Philippine exportations of agricultural products is not to be forgotten or ignored, especially when he is being urged to reduce his acreage and production.

#### THE AMERICAN FEDERATION OF LABOR

There appeared before your committee another element in our domestic life, the American Federation of Labor, representing the millions of working men and women of the United States. These representatives of labor called to our attention the matter of Philippine immigration, pointing out that our exclusion laws against certain oriental nations do not apply to the Philippines, that workers from these islands come into America directly or by way of the Hawaiian Islands, and elsewhere, and that already there have been disturbances in the United States due to the growing number of Philippine laborers, whose hire can be obtained at prices far below the standard wages of American workmen and women.



The average daily wage scale in the islands is from 50 to 75 cents a day for field laborers, and for industrial labor an average of \$1 a day.

While wages and the standard of living in the islands is from 200 to 300 per cent higher than that obtaining in other oriental countries, it is far below the American standard which, under the present arrangement, must confront Philippine competition.

The interests of union labor, which for 32 years has been advocating Philippine independence, can not be overlooked in disposing of the Philippine question.

Congress has demonstrated that it will not subject the 13,000,000 Filipinos to the rigors of our exclusion act, to our trade barriers, or to other handicaps placed upon the foreigner while these people are held within the jurisdiction and under the protection of American sovereignty. No foreign nation excludes its colonials from its own domain, nor can America initiate such a policy with propriety.

Again, therefore, considering those questions of economics not related to the Filipinos themselves, but wholly American questions, it is not necessary to decide the Philippine status in favor of one or the other, but it is desirable to solve the Philippine problem for the future in the interest of all these elements of our American life.

While the interests of the American farmer, of the worker, and of the manufacturer should be protected, this protection should come from a constructive settlement of the whole problem from which the complaints arise and not through piecemeal legislation. Such legislation can only result in ill feeling and leave the main cause of the trouble untouched.

We can not, however, blind ourselves to the fact that there is a definite, well-organized movement in America to bring action along the lines of the respective interests affected by the present anomalous conditions. So it would seem to be our duty to take action now on the broader problem, lest at some future date, in emergency or excitement, we might find ourselves applying to these people exclusion laws, tariff barriers, or coastwise shipping restrictions which in common justice we should not apply against them while they remain under our flag.

Summarizing the whole situation, the committee at that time presented to the Senate its conclusions on this subject:

#### CONCLUSIONS

From the foregoing the following conclusions may be drawn:

- (1) That it is the policy of the American Government to free rather than retain the Philippines.
- (2) That the Philippine people are justified in their plea for independence at this time.
- (3) That the Philippine people have made remarkable strides in the path of self-government.
- (4) That at the present time the Philippine people are conducting, except in a few instances, the affairs of government.
- (5) That the Philippine people are keenly alive to the untoward eventualities of independence.
- (6) That the Philippine people, realizing serious hardships may result from independence and from the loosening of the ties that now bind them to American sovereignty, prefer to risk these hardships at the present time, when they are confident of their ability to endure them, than at a remote date when the hazards of separation from the American Government would be so great as either to threaten disaster or to preclude their independence.
- (7) That, so far as the interests of Americans are concerned in Philippine trade, it will be more simple to grant independence at an early date than when their interests have a deeper and more far-reaching contact with the Philippines.
- (8) That at the present time the conditions existing in the Philippines and the uncertainty of the future status of these islands is operating to dwarf their initiative, handicap their agricultural and industrial development, hamper their efforts to obtain investments of foreign capital, and militate against their enjoying the full possibilities of their economic development.
- (9) That there are important elements, both American and Philippine, whose interests demand some action on the part of Congress in the settlement of this national uncertainty.
- (10) That the action of the American Government in relation to the Philippines will determine America's prestige in the Orient.
- (11) That the Philippine Islands, of doubtful advantage at the present from a purely trade standpoint, have little or no utility in times of war, and might even become a burden and a threat to us in the event of our embroilment with certain powers.
- (12) That proposals to postpone the date for the granting of Philippine independence for any great number of years will result in the expansion of certain economic ties which may ultimately make impossible the granting of independence.
- (13) That no selfish motives of commercial advantage or expansion should interfere with the redemption of our pledges to these people.
- (14) That the Philippine people are unanimous in their demand for early and complete independence.

#### RECONSTRUCTION FINANCE CORPORATION—AMENDMENTS

Mr. JONES, Mr. BROOKHART, and Mr. WALCOTT each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 1) to provide emergency financing facilities for banks, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. SHIPSTEAD submitted several amendments intended to be proposed by him to the bill (S. 1) to provide emergency financing facilities for banks, and for other purposes, which were ordered to lie on the table and to be printed.

#### LEGALIZATION OF MANUFACTURE AND SALE OF BEER

Mr. BINGHAM. I desire to submit an amendment to the bill legalizing the manufacture and sale of beer which will be considered by the subcommittee of the Committee on Manufactures to-morrow morning.

Mr. President, there are a great many people in this country who are interested in this subject. This morning a delegation from the Crusaders, a militant antiprohibition organization, presented a petition to show the benefits which would accrue to the United States Government in the collection of revenue if the sale of beer could be legalized. The chief objection which I have heard to any such measure is that it would mean the return of the saloon. In preparing this amendment, therefore, I have endeavored to provide a method of distribution in cases directly from the breweries to the homes, which would avoid the return of the saloon. I ask that the proposed amendment may be printed in the RECORD.

The VICE PRESIDENT. Is there objection?

Their being no objection, the amendment intended to be proposed by Mr. BINGHAM to Senate bill 436 was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. BINGHAM to the bill (S. 436) to amend the national prohibition act, as amended and supplemented, in respect to the definition of intoxicating liquor, viz: On page 3, after line 7, insert the following new section:

"SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"SEC. 40. All fermented liquors, brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain one dozen, two dozen, or four dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall jointly by regulations prescribe, and all sales by brewers and dealers in fermented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants, and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals."

Mr. BINGHAM. I also ask to have printed in the RECORD a petition from the Crusaders, signed by Fred G. Clark, commander in chief, praying for the modification of the Volstead Act so as to permit the brewing of beer.

There being no objection, the petition was referred to the Committee on Manufactures and ordered to be printed in the RECORD, as follows:

THE CRUSADERS,  
Washington, D. C., January 7, 1932.

TO THE CONGRESS OF THE UNITED STATES,  
Washington, D. C.:

The Crusaders, militant antiprohibition organization with battalions in 25 States and with a membership in the hundreds of thousands, appeals to Congress for the immediate enactment of a bill modifying the Volstead Act to permit the brewing of beer.

We believe that the only ultimate solution of the prohibition problem is the repeal of the eighteenth amendment. That is our ultimate objective. We believe that any measure which modifies the present destructive and intemperate prohibition laws will help our country. We know that the enactment of even a beer bill will raise at least \$400,000,000 in revenue; it might add a half billion to a depleted Federal Treasury. Present and future Federal deficits threaten the very credit of our Government. The money to run the Government must be raised in some way. The most obvious, simple, and painless method of raising this money would be at least to permit the brewing of beer and tax it, say, 25 cents a gallon.

A tax on beer would greatly lessen the need for imposing nuisance taxes and would lessen the need for higher income taxes.

For 50 years previous to the crime of prohibition the one principal and most steady source of Government income was the tax on liquor. This tax has been done away with; nothing can take its place. We doubt very seriously if anyone can devise a satisfactory system of taxes and leave out liquor taxes, which averaged



well over 30 per cent of the total Federal income for the 50-year period prior to prohibition. A table showing total Federal revenue, revenue from liquor tax, and per cent of liquor revenue compared to total revenue for the fiscal years ending June 30, from 1867 to 1917, follows:

Year	Total Federal revenue	Revenue from liquor tax	Per cent of liquor revenue to total revenue
1867	\$433,568,688.43	\$39,600,452.35	9
1868	350,907,704.59	24,611,499.82	7
1869	355,681,710.85	51,171,110.49	15
1870	375,816,802.34	61,925,221.05	16
1871	345,644,995.10	53,671,349.92	15
1872	343,509,201.00	57,734,014.00	16
1873	298,433,054.80	61,424,303.62	20
1874	262,713,301.98	58,748,769.57	22
1875	264,626,498.00	61,225,995.53	23
1876	261,946,699.22	65,997,645.79	25
1877	246,977,573.25	66,950,218.89	27
1878	237,849,322.37	60,357,867.58	25
1879	246,845,057.38	63,299,604.77	25
1880	306,729,570.10	74,015,311.63	24
1881	329,030,792.30	80,854,216.09	24
1882	362,662,189.72	86,027,328.60	23
1883	355,190,637.86	91,269,371.01	25
1884	311,872,875.83	94,990,339.37	30
1885	390,572,722.07	85,741,990.06	22
1886	306,313,317.44	88,768,997.29	29
1887	333,059,611.06	87,751,509.20	26
1888	340,368,731.32	92,630,384.89	27
1889	351,471,423.20	98,036,041.59	27
1890	369,134,733.57	107,695,909.83	29
1891	362,921,116.97	111,901,093.56	30
1892	327,981,814.35	121,347,436.42	36
1893	360,148,667.67	127,269,243.62	35
1894	276,727,341.70	116,674,040.29	42
1895	292,696,685.75	111,503,244.95	38
1896	303,844,121.66	114,454,306.03	37
1897	319,379,954.47	114,480,704.99	35
1898	316,305,204.36	132,082,420.91	41
1899	475,556,623.44	167,928,092.61	35
1900	524,676,878.57	183,419,571.67	34
1901	540,427,778.42	191,697,887.21	35
1902	523,321,145.25	193,126,915.52	36
1903	511,493,340.22	179,501,328.47	35
1904	491,126,024.06	184,893,747.19	37
1905	492,985,524.43	186,319,006.30	37
1906	543,393,814.10	199,035,913.68	36
1907	600,323,020.70	215,904,720.07	36
1908	635,332,605.04	199,966,423.96	31
1909	541,585,175.64	192,324,445.54	35
1910	619,733,292.64	208,601,600.08	33
1911	634,249,276.17	219,647,636.90	34
1912	629,498,084.61	219,660,258.23	34
1913	661,004,631.12	230,146,332.14	34
1914	664,426,622.83	226,177,689.76	34
1915	625,753,117.13	223,948,646.09	35
1916	725,319,084.05	247,453,543.52	34
1917	1,037,203,375.03	284,008,512.62	27

The Crusaders are becoming impatient with some of our country's leaders who because of political expediency have not the courage to advocate changes which the majority of our people want in the prohibition law.

Can anyone recall in all our history when courage and leadership were more needed, were harder to find? Statesmen must face the facts squarely. Prohibition has deprived our country of at least \$12,000,000,000 in revenue; it is one reason the Treasury is depleted. In lost revenue alone each American has contributed \$100 to test this experiment. It has failed. We can afford to experiment no longer.

We trust you gentlemen will prayerfully consider our appeal and work unceasingly to rid America of the back-breaking burden of prohibition.

Sincerely,

FRED G. CLARK,  
Commander in Chief.

Mr. BROOKHART. I desire to ask a question of the Senator from Connecticut.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. BROOKHART. Mr. President, the Senator from Connecticut refers to this "militant" organization of crusaders against prohibition, as they call themselves, assuming a Christian name to fight for a non-Christian purpose, and he says that one of the chief objections to the measure to which he has referred is that it might bring back the saloon. There is another objection to this beer proposal that is quite as important as that, and that is that it will transfer about a billion dollars of taxes from the income taxpayers to the backs of the laboring and common people of the country. I want the Senator to remember that that is next, at least, to the return of the saloon, the strongest objection we have to his proposition.

Mr. BINGHAM. Mr. President, in reply to the interesting question asked me by the Senator from Iowa, I may

state that if we could legalize the manufacture and sale of 4 per cent beer, it would provide for the farmers of his section a market for more than 100 bushels of grain, besides all the hops and other products that would be necessary. It would be one of the greatest benefits the farmers of Iowa could receive.

Furthermore, the people of this country who would like to drink beer would have no objection at all to paying a small tax, which would help the Government meet the deficit; in fact, if they would pay on each bottle of beer a stamp tax equivalent to one-half of what is put on a package of cigarettes we would raise \$500,000,000. I hope that answers the question of the Senator from Iowa.

The VICE PRESIDENT. This debate is proceeding by unanimous consent.

Mr. BROOKHART. If there is no objection, then, I will say that that 100 bushels of grain which would find a market is such an infinitesimally small fraction that there is no farmer interested in a special market for booze.

Mr. BINGHAM. Mr. President, the Senator from Iowa calls attention to the fact that inadvertently I said "a hundred bushels." Naturally, I meant a hundred million bushels, which, after all, would provide a hundred thousand farmers with something to do.

Mr. BROOKHART. Since the Senator from Connecticut has probably never seen a farm, let me say that a hundred million bushels is still such a small fraction of the 3,000,000,000 bushels of corn and nearly a billion and a half bushels of oats and 800,000,000 bushels of wheat, besides barley and other commodities, that his argument still is ridiculous.

Mr. President, in addition to that, I want to call the attention of the Senator to the fact that Mr. Pierre du Pont, who is connected with a great chemical organization of this country, and who is leading the fight for the return of beer, stated—and it is in the record of the lobby committee of the Senate—that if they could get beer back it would save his company \$10,000,000 in taxes, and transfer that tax to the backs of the common people, particularly the laboring people of the country. The Senator from Indiana tells me that is in the record of the lobby committee now. That is the real purpose behind this patriotic movement of Pierre S. du Pont, who runs a dry factory and will not let a wet man work in it. [Laughter.]

#### CHANGES OF REFERENCE

On motion of Mr. REED, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 189) for the relief of Orville E. Clark, and it was referred to the Committee on Claims.

On motion of Mr. NEELY, the Committee on Pensions was discharged from the further consideration of the bill (S. 1633) for the relief of Joseph May, and it was referred to the Committee on Military Affairs.

#### COMMERCIAL RADIO BROADCASTING

Mr. COUZENS. I send to the desk a resolution which I ask may be read, printed, and lie on the table until tomorrow, when I shall ask to have it taken up and considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution will be read.

The Chief Clerk read the resolution (S. Res. 129), as follows:

Whereas there is growing dissatisfaction with the present use of radio facilities for purposes of commercial advertising: Be it Resolved, That the Federal Radio Commission is hereby authorized and instructed to make a survey and to report to the Senate on the following questions:

1. What information there is available on the feasibility of Government ownership and operation of broadcasting facilities.
2. To what extent the facilities of a representative group of broadcasting stations are used for commercial advertising purposes.
3. To what extent the use of radio facilities for purposes of commercial advertising varies as between stations having power of 100 watts, 500 watts, 1,000 watts, 5,000 watts, and all in excess of 5,000 watts.
4. What plans might be adopted to reduce, to limit, to control, and perhaps to eliminate the use of radio facilities for commercial advertising purposes.



5. What rules or regulations have been adopted by other countries to control or to eliminate the use of radio facilities for commercial advertising purposes.

6. Whether it would be practicable and satisfactory to permit only the announcement of sponsorship of programs by persons or corporations.

7. Any information available concerning the investments and the net income of a number of representative broadcasting companies or stations.

The VICE PRESIDENT. The resolution will lie on the table.

#### FLOOD CONTROL AT NOGALES, ARIZONA-MEXICO

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed as a Senate document, with illustrations, the preliminary report of the International Boundary Commission, United States and Mexico, covering flood control at Nogales, Ariz., and Nogales, Mexico, together with the letter of the Secretary of State transmitting the report.

The VICE PRESIDENT. Without objection, that order will be entered.

#### MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

#### HOUSE BILL REFERRED

The bill (H. R. 6660) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1932, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1932, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### REPORT OF THE JUVENILE COURT IN THE DISTRICT

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and referred to the Committee on the Judiciary:

*To the Congress of the United States:*

I transmit herewith for the information of the Congress a communication from the judge of the juvenile court of the District of Columbia, together with a report covering the work of the juvenile court during the year ended June 30, 1931.

HERBERT HOOVER.

The White House, January 7, 1932.

NOTE.—Report accompanied similar message to the House of Representatives.

#### CLAIMS OF FOREIGN SERVICE OFFICERS FOR LOSSES AT MANAGUA, NICARAGUA

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Claims:

*To the Congress of the United States:*

I inclose herewith a report which the Secretary of State has addressed to me in regard to claims of certain officers and employees of the Foreign Service of the United States for reimbursement of losses of personal property suffered by them as a result of the earthquake occurring at Managua, Nicaragua, on March 31, 1931.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to relieve these officers and employees of the Government of the burden these losses have occasioned.

HERBERT HOOVER.

[Inclosures: Report of the Secretary of State, with inclosures.]

The White House, January 7, 1932.

#### STABILIZATION BOARD'S CONSTRUCTION PROJECT

Mr. WALSH of Montana. Mr. President, I ask the Chair to lay before the Senate Resolutions 127 and 128, requesting certain information. I should like to have the resolutions considered now.

The VICE PRESIDENT. Without objection the Chair lays before the Senate Senate Resolution 127, which will be read.

The Chief Clerk read the resolution (S. Res. 127) submitted by Mr. WALSH of Montana on the 5th instant, as follows:

*Resolved*, That the Federal Employment Stabilization Board be and it hereby is requested to transmit to the Senate a list of construction projects as contemplated in the act approved February 10, 1931, which in the judgment of said board might wisely be undertaken within the next ensuing period of six years, with information as to each such project as to the extent to which studies of the same have been prosecuted to determine their feasibility and cost and the result of such studies, indicating with respect to each project the time necessary to prepare necessary plans and specifications.

Mr. WALSH of Montana. I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the resolution was considered and agreed to.

#### CONSTRUCTION PROJECTS PROPOSED BY THE DEPARTMENT

The VICE PRESIDENT. Without objection the Chair lays before the Senate a resolution which will be read.

The Chief Clerk read the resolution (S. Res. 128) submitted by Mr. WALSH of Montana on the 5th instant, as follows:

*Resolved*, That the Postmaster General, the Secretary of the Treasury, the Secretary of War, the Secretary of Agriculture, the Secretary of Commerce, and the Secretary of the Interior be, and they are hereby, requested to transmit to the Senate a list of construction projects which should, in their judgment, be entered upon within the next six years under the supervision of their departments, respectively, with information as to each, of the extent to which studies have been prosecuted into the feasibility and desirability of such projects and in respect to reports concerning the same, with an estimate, so far as the same has been made, of the cost of each project listed, indicating with respect to each the time necessary to prepare or complete necessary plans and specifications.

Mr. WALSH of Montana. I move to amend the amendment in line 3, after the word "Commerce," by inserting the words "the Secretary of the Navy."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

#### EXCERPTS FROM GOVERNOR ROOSEVELT'S ANNUAL MESSAGE

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from the message of Governor Roosevelt to the Legislature of New York on January 6, 1932.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Members of the legislature, I come before you at a time of domestic crisis which calls for the complete laying aside of partisanship and for a unity of leadership and action as complete as if we were engaged in war. Not since the dark days of the sixties have the people of this State and of this Nation faced problems as grave, situations as difficult, suffering as severe. The economics of America, and indeed of the whole world, are out of joint; only the most skillful and concerted care will mend them. That is why I come before you as the governor of all the citizens of the State to ask you to cooperate and counsel with me, not in your capacities as representatives of individual assembly or senatorial districts but rather as a great legislative body acting and speaking for all parts of the State, united in seeking, not local advantages but rather the most courageous and hopeful solution of our common problems.

We face the necessity of employing new measures of value, for the good reason that many old values have disappeared; new comparisons of property and of man's remuneration for his work, for the good reason that many of the old proportions have been proven false.

It would be useless as well as ungracious to place the blame for our present situation on individuals or groups or on any specific acts. What we can do is to learn from the recent years in a spirit of humility and of generosity what to avoid in the process of rebuilding our economic and social structure upon a surer foundation.

In the many groups of human beings known as nations the structure of government has been so inelastic that reconstruction has been possible only by revolution. We are fortunate that our fathers provided systems, both State and Federal, which permit peaceful change by intelligent and representative leadership to meet changing conditions of human society.

#### LEADERSHIP NEEDED

Let us face the facts. In the field of private endeavor we have retained in large degree, perhaps, the personal liberty of the indi-



vidual; but we have lost in recent years the economic liberty of the individual. This has been swallowed up in the specialization of industry, of agriculture, and of distribution, and has meant that the cog can move only if the whole machine is in perfect gear. We thus see on one hand an overproduction of food and clothing and close by many millions of men and women who lack the medium of exchange—money—with which to ward off starvation and nakedness.

We know now from bitter experience that the theory that a nation could lift itself up by its own boot straps was not sound; that the cheering thought that the larger the number of people engaged in manufacturing commodities the more these commodities would be used, could be carried too far; that just because a piece of paper was labeled a share of stock or a bond did not of necessity give it value; that an increasing concentration of wealth and of the power that wealth controls did not guarantee an intelligent or a fair use of that wealth or power.

We know that many of those who ran after false gods are heartily sorry for their sins of omission and commission; that many of the leaders of American thought in government and in business appreciate the errors of their teaching. That is well, and nothing is to be gained by making them scapegoats.

Nevertheless, more than two years have gone by and these leaders have as yet shown us few plans for the reconstruction of a better ordered civilization in which the economic freedom of the individual will be restored. Business and industry have been toiling and are toiling to salvage the old structure. They need more than just to be let alone. The public asks that they be given a new leadership which will help them and at the same time give definite recognition to a new balance based on the right of every individual to make a living out of life.

#### BUBBLE BURSTS

It is true that in any State of this Union of States the complete solving of those economic problems which are national in scope is an impossibility without leadership and a plan of action by our National Government. Perhaps that will come.

In times of stress and emergency like these we should avoid two evil extremes. At one end is the school of thought which believes that American industry and American business can pull themselves out of the slough unaided by government. Its optimism forbids what it calls governmental interference. Its confidence in the success of individual action rejects efforts on the part of the State and Nation to lead back to better times. Too many national leaders in business, finance, and politics adhered to this view—and for too long a time. Fortunately, though tardily, their views have changed. Even if such a return, without the aid of united community effort, which we call the State, were possible, it would have cost too much in human suffering and misery.

At the other extreme is the pessimism which looks upon the future with fear. It despairs not only of American business and industry but dares despair even of American government and American character. To these timid souls the threat of a different social idea can always present itself as perpetually imminent.

Where shall we ourselves be?

#### REBUILD AND REMODEL

We should not seek in any way to destroy or tear down—except in order to replace unsound materials with new. The American system of economics and government is everlasting. Rather should we seek to eliminate those methods which have proved mistaken, and to apply to business and to government principles in which the rights of the average citizen are given a higher spiritual value. The times and the present needs call for a leadership which insists on the permanence of our fundamental institutions and at the same time demands that by governmental and community effort our business and industry be nourished and encouraged back to a basis made more sound and more firm by the lessons of the experience through which we are passing. Let us not seek merely to restore. Let us restore and at the same time remodel. To those millions who now starve we owe a duty as sacred as to those thousands who died in France—to see to it that this shall not come again. This is the duty of all of us, leaders in business, finance, agriculture, labor, and government.

The mistakes of the past among men and among nations, the effects of which now beset us, call for leadership broad enough to understand the problems not only of our Nation but of their relationship to other nations, the problems not of New York alone but of all the other 47 States, the problems not of the cities alone but of the small communities and rural districts as well—a leadership practical, sound, courageous, and alert. Let us, you and I, dedicate ourselves here and now to a fulfillment of this objective. Let us by our example show to the people of the State our complete confidence in the future of our Commonwealth and our Nation. We know that the tragedies of the present will help in the rebuilding on a sounder basis for the days to come.

(Signed) FRANKLIN D. ROOSEVELT.

#### THE VANISHING STATE—ADDRESS BY SENATOR KING

MR. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by the Senator from Utah [Mr. KING] over a nation-wide radio hook-up on October 25, 1931, entitled "The Vanishing State."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is to be regretted that there are not more organizations such as the Sentinels of the Republic to challenge the attention of the American people to the attacks upon our form of government and to the fundamental changes which it is undergoing. Wars and revolutions are not the only forces that destroy governments. Students of our Government have pointed out vital changes which have been made in our political structure, transforming it into a highly centralized government operating through an oppressive bureaucracy. These changes affect the structure, authority, sovereignty, and functions of the States, the social and political views of the people, and the character of the Federal Government.

The States are being weakened and devitalized; and the rugged individualism of the fathers and the courage and spirit of independence, somewhat primordial, which was their pride and glory, are being submerged in the conflicting currents of socialism and paternalism inundating the land. The founders of this Republic were lovers of liberty and resented bureaucratic government, and interference by political or governmental authority in their individual and local affairs. They developed qualities that enabled them to build strong political units and liberal forms of government. They had suffered from the abuses of autocratic officials sent from beyond the seas, and the encroachments of the crown upon their individual rights and local and colonial governments.

The Declaration of Independence recites their grievances and the injustices to which they had been subjected. With the defeat of Great Britain, the thirteen Colonies became independent and sovereign States. When the Constitutional Convention met, their representatives, remembering the oppression to which they had been subjected and fearing that the new authority which they were to create might encroach upon the rights and liberties of both individuals and sovereign States, determined to limit the grant of authority to the new government which was to be formed, and to surround it with barriers beyond which it could not go. They enumerated the powers granted to the National Government, and then declared that "the powers not delegated by the Constitution or prohibited to it by the States were reserved to the States respectively or to the people."

An examination of the Constitution reveals that the new Government became the repository of limited authority, and that the States reserved to themselves and to the people that great mass of authority and power which related to their individual, domestic, and internal affairs, and which was essential to the vitality and perpetuity of the States.

Mr. Lincoln in his first message to Congress stated:

"To maintain inviolate the rights of the States, to order and control, under the Constitution, their own affairs by their own judgment, and exclusively, is essential for the preservation of that balance of power on which our institutions rest."

Under this division of powers between the States and the National Government, whatever related to the family and to the domestic relations; the administration and distribution of estates; the forms of contract and conveyance; the maintenance of peace and order in the States; the punishment of offenses; the provisions for and the control of education; the construction of State highways; the protection of personal liberty, life, and property were concerns of the States and the authority to deal with them was withheld from the jurisdiction of the Federal Government. The retention by the States of this power was calculated to give to the body of the people a direct and supreme interest in the administration of these vital and important matters so closely associated with their peace, happiness, and welfare.

But it is obvious that the Federal Government has invaded the States and usurped authority and power belonging to them. It has likewise interfered with individual liberty and superimposed upon the people and upon the States authority not delegated to it. The balance of power referred to by Mr. Lincoln has been disturbed, and the States, by reason of the usurpations of the Federal Government, are losing their vigor and vitality, and may in the not distant future be reduced to mere geographical expressions. The mission of the Republic will fail if the sovereign States surrender to the Federal Government the authority which is theirs. There are many Americans who do not understand that our form of government is different from that prevailing in most countries, and when they see other governments engage in socialistic and paternalistic activities they assume that the Federal Government is competent to engage in the same activities. They fail to understand that our fathers set up a dual form of government, not a unitary form of government; that the States are republics and sovereign, and are the important and indispensable agencies of the people, if local government is to be preserved, individualism and initiative are to be defended and maintained, and liberty and democratic institutions are to survive. Political philosophers in the past were at a loss to understand that there could be duality in government; they conceived only a unitary form, believing that sovereignty was indivisible; they could not conceive that there could be an indestructible union of indestructible States; that the functions appertaining to government could be divided, the national being clothed with authority definite and certain, and charged with the performance of limited and specific duties—the State or local sovereignty possessing complete power and authority essential to the execution of vital and important responsibilities placed upon it by the people themselves; responsibilities relating to their internal and domestic affairs.

There are political writers to-day who contend that a dual form of government can not survive; that the centripetal forces are so strong that the States will be drawn into the National



Government and lose their vitality if not their names. They argue that the future of this Republic is not democracy, not rugged individualism, not puissant States, but States weakened until they become mere shadows of the sovereign and independent republics which were contemplated by the fathers. The most important problem confronting the American people is to revivify the States and prevent their absorption by the Federal Government; to make local life real; and to awaken the deadened spirit of democracy so that it will lead to virile, intelligent, and effective self-government. It is not sufficient that there should be a re-statement of democracy and of the principles upon which our institutions are founded; there must be a reinstatement in the minds of the people, of the ideals of democracy, of the concepts of the fathers as related to the character, purpose, and responsibility of sovereign States. There must be greater courage and self-reliance and individual initiative, those sterling qualities which animated the fathers and which bureaucracy and paternalistic policies weaken if they do not destroy. The American people are called upon to demonstrate whether or not millions of people of different origins and nationalities, living in different localities, are capable of maintaining democratic policies and principles, and organizing and maintaining local self-government.

Our dual form of government was an experiment. It rested upon the philosophy of the Declaration of Independence and upon the theory that individuals were competent to govern themselves and evolve liberal and progressive democratic States. Many political writers declare that democratic governments are the most difficult to maintain. Webster stated that the experiment being conducted in the United States was the last hope of mankind. Lord Bryce indicates that if the forces which had created and preserved a sense of common duty and common interest, should show signs of decay, "no hope would then remain for the world."

It were well if the American people would remember the words of Jefferson—

"The support of the State governments in all their rights, as the most competent administrations for our domestic concerns and the surest bulwarks against antirepublican tendencies, I deem (one) of the essential principles of our government, and consequently (one) which ought to shape its administration."

Later in a letter to Joseph Cabell he stated that—

"The centralizing and concentrating of all powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian Senate, has destroyed the liberty and the rights of man in every government."

He declared that if our country were not already divided into States, such a division "must be made, that each might do for itself what concerns itself directly and what it can do much better than a distant authority."

Upon another occasion he stated that "It is not by the consolidation or concentration of powers but by their distribution that good government is effected."

When our country is engaged in war it may exercise authority which would be unwarranted in peace times. During the World War it engaged in activities the validity of which would be challenged when the clouds of war did not overhang the Nation. Undoubtedly the National Government during the period of the war formulated and executed policies which interfered with individual liberty and encroached upon the authority of sovereign States. War always centralizes authority and magnifies the power of the Government. The course of the Government undoubtedly created in the minds of many persons misconceptions as to the extent of power possessed by the National Government and resulted in their attributing to it authority to engage in industrial and business pursuits solely within the domain of private endeavor, and to exercise authority belonging exclusively to the States or local communities or individuals.

The Federal Government took over and operated railroads, engaged in other activities and exercised authority which in peace time would have been denied to it; and the exercise of that authority then is now appealed to as warrant for invading the rights of individuals and sovereign States. Demands are being made for the Federal Government to take over and operate railroads and other public utilities; to construct and operate hydroelectric plants; to engage in all forms of insurance, including unemployment insurance; to engage in marine transportation, and to operate boats upon the rivers and waterways in competition with public carriers; to supply medical treatment and hospital facilities for no inconsiderable part of the people; to grant old-age pensions; to control all persons under 18 years of age; to enact criminal statutes covering all common-law offenses; to furnish financial aid and assistance, together with technical advice, not only to agriculturists but to those engaged in many business activities, and generally to assume most of the functions of the States and responsibilities belonging to individuals.

Individuals and local communities are to be the wards of the Federal Government, which through bureaus and Federal agencies and hundreds of thousands of Federal employees, is to perform the duties of a benevolent despot or a benignant father. The National Government is to go further, it is to obtain money by taxation and supply the same to industries or individuals that may not be prosperous. The taxing power is to be exercised not for the purpose of meeting the legitimate expenses of a government economically administered but for the purpose of raising stupendous sums for bounties, gratuities, investments, and loans to individuals and corporations.

Some of the amendments following the adoption of the eleventh amendment to the Constitution deprive the States of authority which theretofore belonged exclusively to them. The

Federal system provided a check upon both the central government and the people themselves; this was a contribution made by America to political science.

Democracy is more than a form of government. It is an ideal. Democracy, as understood in our country, requires that the people feel a vital interest in their State governments; and that they maintain the integrity and inviolability of the individual as against Federal or bureaucratic or destructive forces. Democracy in government can not remain a vital thing unless the individuality and autonomy of local governmental institutions are retained, and in which the people can take an interest and have personal contact with the leaders and see the actual results of democracy. Without this, Democracy becomes disinterested and a "democracy with a disinterested Democracy is probably less fortunate than a despotism with a benevolent despot."

It is an unending struggle in democratic governments to preserve the rights of individuals not only against aggressions by governments but against the assaults of majorities. Democratic governments should be chiefly concerned in the protection of the individual and the citadel of local self-government. One of the dangers in democracies is the tendency of majorities to oppress the individual. The rights of minorities are as important as the rights of majorities. If the rights of minorities are invaded, then sooner or later the rights of the majorities will be jeopardized and the foundations of government will be weakened or destroyed.

John Stuart Mill, in his pleas for liberty, expresses fear because of the tyrannies of majorities, even in democracies, which he insisted was among the evils against which society is required to be on its guard.

In periods of economic depression, as in periods of war, the forms of government if not their foundations are challenged. We are now confronted with demands from all parts of the land for legislation and the execution of policies which are at variance with democratic institutions and our form of government. Fantastic and visionary schemes and plans are urged with fanatical zeal. Communistic, socialistic, and paternalistic programs are presented, and demands made that they be carried into execution. It matters not that many of these suggestions ignore individual rights and the duties and responsibilities of the States, nor that they are in contravention of positive prohibitions in the Federal Constitution. The swirling waters of unrest and discontent are beating against the foundations upon which rest democratic institutions, the indefeasible rights of individuals, and the sovereign rights of States.

Unfortunately we are cursed with a Federal bureaucracy more powerful, more penetrating, more exasperating than that which afflicts any country on earth. Nearly a million Federal employees operate this bureaucratic machine which oppresses the people, limits individual rights, interferes with local self-government, impinges upon the rights of the States, and, paradoxical as it may seem, while aggrandizing the Federal Government and aiding in its usurpatory activities, it sows the seeds of socialism.

President Coolidge states that—

"No method of procedure has ever been devised by which liberty could be divorced from local self-government, no plan of centralization has ever been adopted which did not result in bureaucracy, tyranny, inflexibility, reaction, and decline. Of all form of government those administered by bureaus are about the least satisfactory to an enlightened and progressive people. Being irresponsible they become autocratic, and being autocratic they resist all development. Unless bureaucracy is constantly resisted it breaks down representative government and overwhelms democracy. It is the one element in our institutions that sets up the pretense of having authority over everybody and being responsible to nobody."

In my opinion the integrity of the States and the independence of the people are menaced by the increasingly powerful bureaucratic forces operating in the Federal Government. They ceaselessly struggle to increase their authority and widen the field of operations of the Federal Government. They project socialistic schemes and governmental policies derogatory to the sovereignty of the States and hostile to individual rights. They seek to increase the number of Federal departments, agencies, and instrumentalities and to swell the mighty host of Federal employees.

When sovereign States shall have been compounded into one protoplasmic mass, controlled from Washington, it will be due in no small degree to the bureaucratic influences that work in this Republic. However, the people themselves are responsible for the decadence of personal rights and the loss of individualism so vital if free government is preserved.

Appeals are constantly being made for the Federal Government to engage in activities wholly outside of its delegated powers. State officials too often join with the people in appeal for Federal aid in matters that are purely local and exclusively within the authority and competency of the States. It is a melancholy spectacle to see individuals, local communities, and States come with cap in hand and beg the Federal Government to accept precious rights and powers which belong to them and which they are eager to surrender. Subsidies and gifts and bounties given to the States by the Federal Government are in part responsible for the weakening of the States and the growing authority of the Federal Government.

There is no more important question before the American people than that involved in the preservation of the States in all their vigor and power. If they are compounded into a general mass; if they cease to be sovereign and supreme in their domestic affairs, then our form of government will perish.



It is as treasonable to attack the sovereignty of a State as it would be to make war upon the Federal Government. Local self-government lies at the very foundation of a free country. It is one of the most precious of our heritages. It is the school in which independence and liberty are reared. It is more than a question of State rights—it is a fundamental question of political science.

It has been said that the question once was whether the States would destroy the Federal Government. The question now is whether the National Government shall be permitted to destroy the States. I submit that the States are as indestructible as the Federal Government. This new federalism, if unchecked, will mar, if it does not destroy, the magnificent edifice erected by our fathers upon the glittering heights of the New World. While many nations are decentralizing authority and developing local democratic agencies and institutions, in the United States individuals and States are being devitalized and swept into the maelstrom of a centralized authority, unknown to the Constitution and repugnant to democracy.

#### RECONSTRUCTION FINANCE CORPORATION

Mr. WALCOTT. I move that the Senate proceed to the consideration of Senate bill No. 1.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 1) to provide emergency financing facilities for banks and other financial institutions, and for other purposes.

Mr. BLAINE. Mr. President, the bill reported by the committee is a substitute for the bill introduced, therefore there is no amendment pending to the bill except the substitute amendment. In order that Senators may be informed fully of the contents of the substitute measure, I ask that the bill may be read.

The VICE PRESIDENT. The Secretary will read the bill.

The Chief Clerk read the substitute reported by the Committee on Banking and Currency, as follows:

Strike out all after the enacting clause and insert:

"That there be, and is hereby, created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the corporation). This act may be cited as the 'Reconstruction Finance Corporation act'."

"Sec. 2. The corporation shall have capital stock of \$500,000,000, all subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation.

"There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000 for the purpose of making payments upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

"Sec. 3. The management of the corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, or, in his absence, the Under Secretary of the Treasury, the governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and four other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Of the seven members of the board of directors not more than four shall be members of any one political party. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the four directors so appointed and each officer of the corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the four directors so appointed by the President of the United States shall be two years from the date of the enactment hereof, and thereafter the term of each director so appointed shall be for a period of years equal to the remaining life of the corporation as fixed in section 4 of this act. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The four directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of \$12,000 per annum each: *Provided*, That any director receiving from the United States any salary or compensation for other services shall not receive as salary from the corporation any amount, which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed \$12,000 per annum. No director of the corporation shall directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act.

"Sec. 4. The corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the transaction of its business and shall establish its own offices therein; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provision of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with the provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act, but no Federal reserve bank shall be included under this provision. The corporation shall have such incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

"Sec. 5. The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation, or other bona fide financial institution in the United States having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation (herein referred to as financial institutions), including any closed bank whose assets are adequate to permit of restoration to solvency. All such loans shall be fully and adequately secured in such manner as the corporation shall require. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the corporation may approve: *Provided, however*, That no loans or advancements shall be made with foreign securities except those of the Dominion of Canada and of Canadian corporations, as collateral; or for the purpose of assisting in the carrying or liquidation of such foreign securities. Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. Except as provided in section 5a hereof, no loan or advancement shall be made by the corporation for the purpose of initiating, setting on foot, or financing any enterprise, borrowing operation, or application for credit not actually recognized or financed by the extension of banking credit prior to the adoption of this act. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time extend the period for making loans for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the corporation may also, upon the approval of the Interstate Commerce Commission, make loans to or aid in the temporary financing of railroads engaged in interstate commerce, when in the opinion of the board of directors of the corporation, such railroads are unable to obtain funds upon reasonable terms through banking channels or from the general public and their prospective earning power together with the character and value of the security offered are such as to furnish adequate assurance of their ability to repay within the time fixed therefor and to meet their other obligations in connection therewith. Any such railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section.

"Sec. 5a. The corporation is authorized and empowered to accept drafts and bills of exchange drawn upon it which grow out of transactions involving the exportation of goods actually sold or



transported for sale and in process of shipment to buyers in foreign countries: *Provided*, That the total of such acceptances outstanding shall not exceed \$500,000,000 at any one time. No bill of exchange or draft shall be eligible for acceptance if such bill shall have at time of acceptance a maturity of more than 12 months. No acceptances shall be made in favor of any one drawer for more than a total of 1 per cent of the subscribed capital of the corporation unless the transaction be fully secured and is guaranteed by a bank or banker of undoubted solvency. Whenever the total of acceptances outstanding exceeds one-half of the subscribed capital, all the acceptances in excess of \$250,000,000 shall be fully secured. Against all acceptances outstanding which mature in 30 days or less a reserve of at least 15 per cent shall be maintained, and against all acceptances outstanding which mature in more than 30 days a reserve of at least 3 per cent shall be maintained. Reserves against acceptances shall be in cash balances with solvent banks or bankers, or the bonds of the corporation itself as authorized under section 9 of this act.

"Sec. 6. Section 5202 of the Revised Statutes of the United States, as amended (U. S. C., title 12, ch. 2, sec. 82), is hereby amended by striking out the words 'War Finance Corporation act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation act.'

"Sec. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the corporation, or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the purchase or redemption of any other obligations issued by the corporation. The Federal reserve banks are authorized and directed to act as depositaries for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act, but no loans under this act shall be made by any Federal reserve bank as agent of the corporation or otherwise.

"Sec. 8. In order to enable the corporation to carry out the provisions of this act, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of financial institutions and/or railroads with respect to which the corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the corporation as security for loans to financial institutions or railroads under this act, and to make through their examiners or other employees for the confidential use of the corporation examinations of such financial institutions or railroads. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the corporation may require for the purposes of this act and/or that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

"Sec. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its paid-in capital, its bonds, to be known as reconstruction bonds, or other obligations; such bonds to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States, and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on reconstruction bonds, or other obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such bonds or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the corporation acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the corporation shall be treated as public-debt transactions of the United States.

"Section 13 of the Federal reserve act is hereby amended by adding after the words: 'Any Federal reserve bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days at rates to be established by such Federal reserve banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by such notes, drafts, bills of exchange, or bankers' acceptances as are eligible for rediscount or for purchase by Federal reserve banks under the provisions of this act or by the deposit or pledge of bonds or notes of the United States' the words 'but no reconstruction bonds issued under the act of —, 1932, entitled "An act to provide emergency financing facilities for banks and other financial institutions and other purposes" shall be used as such security.'

"Section 13a of the Federal reserve act is amended by adding after the words: 'Provided, That notes, drafts, and bills of exchange with maturities in excess of six months shall not be eligible as a basis for the issuance of Federal reserve notes unless secured by warehouse receipts or other such negotiable documents conveying and securing title to readily marketable staple agricultural products or by chattel mortgage upon livestock which is being fattened for market' the words 'nor shall notes, drafts, and bills of exchange secured or collateralized by reconstruction bonds be so eligible.'

"Subsection (f) of section 14 of the Federal reserve act is amended to read as follows:

"'To purchase and sell in the open market, either from or to domestic banks, firms, corporations, or individuals, acceptances of Federal intermediate-credit banks and of national agricultural credit corporations, and reconstruction bonds issued under the provisions of the act of —, 1932, whenever the Federal Reserve Board shall declare that the public interest so requires.'

"Sec. 10. Any and all obligations issued by the corporation shall be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"Sec. 11. In order that the corporation may be supplied with such forms of bonds or other obligations as it may need for issuance under this act the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, etc., executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such obligations.

"Sec. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties as depositary of public money and financial agent of the Government as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

"Sec. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President, up to two years from the date of the enactment thereof, under the authority of section 5 of this act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may, with the approval of the Secretary of the Treasury, deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidations or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation, with the approval of the Secretary of the Treasury, but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and after provision has been made for payment of all legal obligations of any kind and character shall be paid in the Treasurer of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

"Sec. 14. If at the expiration of the 10 years for which the corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up



of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

"SEC. 15. The corporation shall annually make a full and complete report of its operations to the Congress as soon as practicable after the 1st day of January in each year. Such report shall include a complete list of all officers and employees and shall specify the rate of compensation fixed for, and total amount received by, each individual. Fees, commissions, and other forms of remuneration paid to individuals or institutions for services rendered shall also be stated.

"SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the corporation, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any bond or other obligation, or coupon, in imitation of or purporting to be a bond or other obligation, or coupon, issued by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish any false, forged or counterfeited bonds, or other obligation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish as true any falsely altered or spurious bond or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive) in so far as applicable, are extended to apply to contracts or agreements with the corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

"SEC. 17. The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered."

The VICE PRESIDENT. The question is on agreeing to the committee amendment, which is amendable.

Mr. WALCOTT. Mr. President, I desire to make a statement with reference to the pending bill in order to explain some of its principal features and give some of the reasons why it should be enacted.

In view of the unprecedented condition of the financial institutions of the United States, which is partly the cause and partly the effect of the present great world-wide economic collapse—the most severe and far-reaching in history—heroic relief measures are needed. Our financial institutions are the mainsprings of our industrial well-being. All enterprises of any sort must look to them for the funds with which to operate, and whenever they fail to function normally industrial activity is inevitably paralyzed.

We are now facing a great emergency in consequence of drastic curtailment of the normal functioning of our banks. On the one hand we have those whose assets, with abnormally shrinking markets, have become frozen, and which, in order to preserve any degree of solvency, must stop doing business; on the other those with adequate cash reserves which, watching these shrinkages, are in terror of impairing their assets, and voluntarily remain in a state of abnormal liquidity. In the cases of both, the business of financing is brought to a standstill, and with it the wheels of activity of every sort stop turning.

The leading financial minds of the country have been puzzling for many months to find a solution for this situation. Many consultations have been held. Many congressional hearings, with many of the leading bankers and business men as witnesses, have been carried on with the object of accumulating and acting upon the more constructive ideas available for remedial legislation. Many of the ideas brought forth by these hearings are covered by Senate bill 1, "A bill to provide emergency financing facilities for banks and other financial institutions, and, other purposes," which I am presenting to the Senate for consideration as reported out of the Committee on Banking and Currency.

It was the consensus of expert opinion that a financial relief measure must perform two principal functions: Alleviate the unmarketability or frozen condition of the securities which form the assets of the banks and other financial organizations; and, secondly, restore confidence, the unreasoning lack of which, in the face of the really solid foundations on which we stand, is the ultimate cause of our present stagnation. Of course, in the long run marketability of securities is dependent upon the restoration of confidence, directly and indirectly, in the one case by setting up an organization which will actually lend money on assets which may be frozen but are of unquestioned real value, and, in the other case, allaying popular uncertainty with the knowledge that vast resources are available for this purpose, where and when needed. This may be said to be our objective.

It is in view of this latter necessity that the proposed reconstruction finance corporation, which the bill is designed to create, is to have, under the terms of the bill, a capital of \$500,000,000 and additional resources, to be derived from bonds authorized for issue, of \$1,500,000,000.

These resources, incidentally, are identical in amount, item for item, with those of the War Finance Corporation, created a decade ago to meet another and no more formidable emergency. This proposed corporation is patterned closely after the War Finance Corporation, which, as we all know, served its purpose effectively.

It is worthy of particular note that the War Finance Corporation never at any time had outstanding more than \$134,000,000 in loans. Therefore there is not much justification for any misgiving as to the size of the contemplated appropriation and authorized bond issue. The problem of restoring confidence can not be attacked half-heartedly if it is to be solved. We must spare no pains to inject elasticity into the hardened arteries of business.

A menacing factor in the banking problem and, in fact, in the whole economic crisis, is the European situation, which has been a pall on the world's economic and financial condition for a considerable period, and which is unquestionably an aftermath of the war. This summer it developed in more acute form, and I think it is fair to say that what happened in Germany, in England, and in central Europe generally has been a cause of disturbance in the mental attitude of bankers and business men in this



country. It has been a major factor in the disturbance to commerce, affecting the markets for our important agricultural and mineral products, our manufactured goods, and our semimanufactured goods. There is nothing that interferes with business more effectively and more disastrously than fluctuating currencies. England, for example, buys raw materials, converts them into manufactured goods, and markets the finished product on a credit basis; but the purchase of raw material—cotton, for instance—and the marketing of the manufactured article on a credit basis become difficult and almost impossible where currencies are fluctuating the way the pound is now fluctuating. Although the mark is not fluctuating, conditions are such that the interference with normal trade and credit operations is most serious.

The foreign situation has been an important intrinsic factor, not only so far as the buying power of other countries is concerned, but the exchange derangement also has affected the time in which whatever purchases are made can be effected. The time element is of the utmost importance, and when the carrying of stocks of goods becomes a dangerous operation—as it does, of course, in times of declining price levels, and particularly when there are risks of fluctuating exchange—the effect is to force back on the hands of the producers the burden of carrying these stocks. In our agricultural areas it means that the producer and the small country bank that finances him are loaded with an abnormal and unusual burden.

We can not control conditions in foreign countries, but we can do our best to counteract their disastrous effects on our own industries by providing a bulwark for the banks upon which the strain falls most heavily.

The bill has been drawn with the view of providing broad powers and large resources to deal with the situations, having in mind always the public purpose and public interest, and also the safeguarding of the loans by the provision that they shall be fully and adequately secured.

It proposes that the corporation, to be known as the Reconstruction Finance Corporation, shall have as its board of directors three ex-officio members, the Governor of the Federal Reserve Board, the Secretary of the Treasury or, in his absence, the Under Secretary, and the Farm Loan Commissioner, and four others to be appointed by the President, by and with the advice and consent of the Senate. No more than four of those members shall belong to any one political party, thus insuring the nonpartisan character of the board.

The lending power is directed to banks, bankers, savings banks, trust companies, building and loan associations, insurance companies, and other financial institutions of the United States; and, in addition, to clearing-house associations or other associations of banking institutions. As stated already, all loans must be fully and adequately secured in such manner as the corporation shall require, and loans are to be made at such interest or discount rates as the corporation may approve.

The broadest powers are given to the board of directors, and in order that it may be clearly understood by everyone as to those institutions which may come within the purview of the provisions of the bill, it is specifically stated that agriculture and livestock credit corporations may be benefited thereby.

The period of lending activity provided in the bill is one year from the date of its enactment, but it is also provided that the President may, from time to time, postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed, however, a total of two years from the date of the enactment of the bill. I think this elasticity is desirable.

The loans of the corporation are to be made for periods of not exceeding three years, with authority to grant extension from time to time up to a total of five years from the dates on which the loans were originally made.

At that time the four directors appointed by the President automatically cease functioning. The corporation, however, may be kept alive for another 5 years, and at the end of 10

years if there are any assets in the treasury of the corporation which have not been disposed of, they are to be bodily turned over to the Secretary of the Treasury for further disposition. In other words, the corporation is to be liquidated within 10 years, and presumably, if possible, within 5 years.

In addition to loans to financial institutions through which agricultural, commercial, and industrial activities will be aided, provision is made in the bill for loans to railroads. The railroads are the only industries which it is proposed to aid directly and independently of the medium of financial institutions. The reason they are made exceptions is because of the very wide ownership of railroad bonds by insurance companies, savings banks, national banks and trust companies, as well as individuals, the credit position of the railroads is a very important item at the present time in the whole national financial structure. Next to the construction industry, the railroads represent, perhaps, the largest single concentrated unit for the buying of materials and the employment of labor.

Under the bill bonds or debentures may be issued for periods not exceeding five years from their respective dates, and short-term obligations, payable at maturity without interest, may be sold on a discount basis in the same way that Treasury bills are sold.

The obligations of the corporation, it is provided, shall be exempt from all Federal, State, municipal, and local taxation, and may be secured by assets of the corporation in such manner as may be determined by the board of directors.

If the corporation should be unable to pay, when due, the principal of or interest on its obligations, the Secretary of the Treasury is required to pay the amount thereof. In other words, they represent obligations of the Government.

Deflation is a condition which can just as easily approach the danger point as inflation. Economic stability depends upon maintaining a fair balance in commodity prices, which must show a reasonable profit to the producer. Our present ills are attributable chiefly to the fact that deflation has gone too far. We must take bold steps to turn the tide in the other direction, by counterdeflation, by encouraging advances in all commodity prices now selling below the cost of production.

In conclusion, I feel that I can not emphasize too strongly the time factor. Every day lost in providing relief means more banks in distress, more industries crippled, and more people deprived of their incomes and perhaps their cash. The great benefit we are able to render is to give aid before it is too late.

Hope is the blood of the human mind. Without hope, fear stalks, despair enters. Let us rush our rescue work and replace fear with confidence.

Mr. President, I wish to add a few words with reference to some of the details of the bill. The bonds, which are nontaxable, may be purchased and sold, and are to be sold by the United States Treasury. If the market is such as to make it wise for United States Treasury bonds to be offered for this and other purposes, the United States Treasury can offer its bonds to the public and then, in turn, holding the reconstruction corporation bonds as collateral, turn over the proceeds in the amount of the bonds taken for collateral purposes to the treasury of this corporation. This corporation has a call, in other words, on the United States Treasury for any amount of money at any time up to the full capital requirements of the corporation, \$500,000,000, and the full lending power of the corporation, these resources amounting to \$1,500,000,000, if, when, and as needed. In other words, these are to be United States Treasury obligations in every sense of the word, because although they bear the name of the reconstruction corporation they will be guaranteed unequivocally and unconditionally by the United States Treasury, both as to principal and interest.

Mr. VANDENBERG and Mr. COPELAND addressed the Chair.

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Connecticut yield; and if so, to whom?



Mr. WALCOTT. I yield first to the Senator from Michigan.

Mr. VANDENBERG. At this point I should like to ask the Senator a question to clarify one matter. At no point in the bill is it specified that the securities of the reconstruction corporation are eligible as collateral for postal savings. I have discussed the question with the junior Senator from Virginia [Mr. GLASS]. He is in agreement with my view that under the language of the general bill, however, they unquestionably would thus qualify. I would be very happy to have the Senator testify on that subject if he cares to do so.

Mr. WALCOTT. I believe that the language of the bill so provides. These particular bonds, however, are not eligible for rediscount with the Federal reserve, but they will be eligible when issued for purchase and sale by the United States Treasury in order to allow the full force of the United States Treasury to be behind the corporation.

Mr. GLASS. Mr. President, I think my friend from Connecticut misapprehends the inquiry of the Senator from Michigan. The Senator from Michigan wants to know if these bonds are eligible for security for postal deposits. I think undoubtedly they are.

Mr. WALCOTT. I thought I made that clear. I intended to say that I believe they are.

Mr. GLASS. The Senator was talking about the Federal-reserve aspects of the case, and the Senator from Michigan was asking about the postal-deposit aspect.

Mr. WALCOTT. I intended to answer his question, and I thought I did so, in the affirmative, and then went on as to eligibility for rediscount.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. Certainly.

Mr. COPELAND. I should like to ask about when the bonds of the \$1,500,000,000 may be issued. Would there be any bonds issued until after the \$500,000,000 provided by the Treasury is paid in and actually used by the corporation?

Mr. WALCOTT. That is open to the discretion of the board, but probably the natural course of events would be that as they draw on the capital stock of the company, the board would use that capital stock for lending purposes, and although they have the right, under the provisions of the bill, to take automatically as they draw, we will say, \$100,000,000 down for capital-stock requirements, they could take three times that amount of the debentures or bonds. In other words, if they draw down \$100,000,000 of capital stock, they could ask the Treasury to furnish \$300,000,000 as a result of the sale of the reconstruction bonds.

Mr. COPELAND. What is the opinion of the Senator as to what would actually happen in practice? Would the corporation perhaps take \$50,000,000 from the Treasury for payment of capital stock and issue at once \$150,000,000 of bonds? What would be the practical effect?

Mr. WALCOTT. My impression is that it would use its capital stock as long as it lasted and not avail itself of the further privilege of credit with the United States Treasury until it needed it. I am at liberty to quote both the governor of the Federal Reserve Board and the Under Secretary of the Treasury to this effect, that in their opinion the strength of the corporation is so great, with the entire United States Government back of it, that enough confidence will be created by the very act itself so that the banks and the railroads probably will not call on more than the actual capital stock of the corporation, namely, \$500,000,000. In other words, that the lending by this corporation will not exceed its own capital stock, which, of course, is to be very much hoped.

Mr. COPELAND. I think the Senator said, did he not, that the full amount in the case of the War Finance Corporation, was \$154,000,000?

Mr. WALCOTT. No; the capital of the War Finance Corporation was the same as in this case, namely, \$500,000,000.

Mr. COPELAND. But I refer to the amount actually used.

Mr. WALCOTT. At the peak of their lending the gross amount outstanding at any one time was \$134,000,000.

Mr. COPELAND. The point I want to have cleared up in my mind is whether or not there would be an almost instant appeal to the country to subscribe to these reconstruction bonds. I take it from what the Senator has stated that there would not be, but that the \$500,000,000 advanced by the Treasury would be ample for the immediate activities of the corporation? Is that the opinion of the Senator?

Mr. WALCOTT. I am glad the Senator asked that question. Of course, it is the hope that the situation for which we are seeking to afford relief is not worse than we believe it to be, and that such will prove to be the case, but let me explain. There were 2,290 bank failures in the United States in the year 1931. Those bank failures involved total deposits of \$1,759,000,000. However, here is an important factor in this connection: Of the 2,290 banks that failed in 1931, only 410, representing approximately one-quarter of the deposits—\$473,000,000—were national banks. By "national banks," of course, the Senator understands I mean members of the Federal reserve; and, by way of explanation for the RECORD, I may add, no bank that is not a member of the Federal reserve can be called a national bank.

Now, let me go on just a moment, if the Senator please, and complete the answer to his question. There were 108 State banks members of the Federal reserve which failed in 1931, with deposits of \$302,000,000; but there were 1,772 nonmember banks, including State and private banks, involving deposits to the extent of \$984,000,000, which failed. Those groups make up a total in deposits that are locked up of, roughly speaking, one and three-fourths billion dollars.

There is no one in this country who does not want to see every one of those depositors helped. They put their money into these banks in good faith; they believed they would be able to draw it out whenever they pleased, but they can not do so. So our first endeavor was in some way to give all of them some kind of relief, some kind of hope. I believe it can be done, and be done quite fully; but this bill can not undertake to relieve banks that are completely insolvent.

However, there are a great many banks which are to-day closed for reasons other than that of complete insolvency. Let us say, for example, that a bank is on the border line of insolvency. The examiner has frightened the board and the board allows the doors to be closed, let us say, to prevent a run.

Mr. COPELAND. To preserve the assets.

Mr. WALCOTT. To preserve the assets; in other words, to freeze all the assets so they can not be drawn down or tampered with. Such a bank could be relieved by this bill should it become a law.

Mr. COPELAND. In that connection will the Senator permit me again to interrupt him?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The language of the bill on page 21, beginning with line 5, states that funds may be advanced—

Including any closed bank whose assets are adequate to permit of restoration to solvency.

Was it the opinion of the committee that by advances made by the corporation and restoration to solvency such a bank would reopen? Is that the desire of the committee?

Mr. WALCOTT. That is our desire. It is the desire of the committee that such banks, whose condition warrants it, may be again opened.

Mr. COPELAND. That is in the "border-line cases" to which the Senator referred?

Mr. WALCOTT. I say "border-line cases," but even banks that may be in the hands of the receiver, I think, can be construed, if they are solvent, as coming under the purview of this bill. That would be our endeavor.

Mr. COPELAND. Take a bank, for instance, like the Chelsea Bank, with which the Senator is familiar, as to which the popular opinion was that it was really a solvent bank, but, for the sake of the preservation of its assets, it was deemed wise to close it, would there be hope that in a case like that—not necessarily that bank—the corporation



might so manage its loans that the bank could safely be made solvent and resume active business?

Mr. WALCOTT. Yes; provided the bank can go through a quick or even a temporary reorganization so as to constitute a new unit. It could then come before the Finance Corporation with its assets and borrow if its situation looked at all hopeful.

In order to amplify that suggestion let me explain that there are two propositions involved, one the question of opening closed banks, the other of relieving depositors who have really no hope at all, perhaps, of getting their cash. A bank may make a 100 per cent assessment of its stockholders in order to furnish money for its depositors and still not find adequate funds to take care of those depositors. What are we going to do as to them? We are studying that question very carefully in the hope that we may devise ways and means of allowing the Federal Government by another bill with other funds to go to the receivers of such banks, examine their assets, and if there is any hope for them at all, on a conservative basis—let us say for the sake of the argument 25 per cent—lending on those assets 25 per cent of what the governors deem them to be worth at the time. In this way, perhaps, 10 or 15 or 20 or 25 per cent as a partial payment might be made to the depositors, and it would afford infinite relief to them. For instance, a bank that closed its doors only a week ago had seventy-odd thousand depositors throughout the country. The ramifications of that closing ran clear through the entire State. I will not mention names. Of those 70,000 depositors the average amount each had on deposit was one hundred and thirty-odd dollars. It is probable that the great majority of those deposits represented everything in the way of cash those poor people had, and that bank had a group of branches 44 in number that extended all over the State. We all know of other cases that are almost parallel to that. The emergency is pressing, but the danger of collapse is not great the moment we substitute confidence for fear.

Mr. COPELAND. I thank the Senator for what he has said, but there is a further thought which occurs to me and which is the reason I asked the question as to when the bonds are to be sold. If there is to be an appeal to the public for the purchase of these reconstruction bonds, is it not probable—of course, we hope, in the first place, that it will bring back much hoarded money—but is it not probable that the money subscribed to pay for such bonds will be taken away from the banks, perhaps in such amounts as to hazard the liquidity of the assets of those particular banks? The committee, I assume, gave thought to that possibility.

Mr. WALCOTT. The answer to that question is this: If, in the judgment of the Treasury, when the call is made these particular bonds should not be offered and United States Treasury bonds should be offered in place of them, holding the other bonds as security, they in turn would become automatically eligible for rediscount so that a banker could simply take them to the Federal reserve and get his cash.

Mr. COPELAND. May I ask the Senator another question?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The Senator made that statement earlier in his remarks. I missed that in the bill. Can the Senator refer to that particular provision?

Mr. WALCOTT. The bill will have to be changed, and I am going to offer an amendment covering that point.

Mr. COPELAND. That is not now in the bill, is it?

Mr. WALCOTT. It is not now in the bill, but it will be incorporated in the bill. It was omitted because of an error in transcribing a section of the Federal reserve act, which should come out, as it is not pertinent, and in place of it there should be specific provision that the bonds may be bought and sold by the Treasury.

Mr. COPELAND. I am glad to hear the Senator make that statement, for, as I read this bill with some degree of care, it seems to me that we might by the relief of one situ-

ation be creating another and an embarrassing situation, because, if an appeal for popular subscriptions were made, for instance, we will say, in an extreme case, for the entire amount, it would lessen the cash assets of hundreds of banks throughout the country.

Mr. WALCOTT. The Senator is quite right about that.

Mr. COPELAND. But the Senator by offering the amendment to which he has referred will cover that. I have some other questions—

Mr. WALCOTT. I am very glad the Senator asked the question. May I enlarge upon it for just a second?

Mr. COPELAND. Certainly.

Mr. WALCOTT. It is the purpose to make these bonds so attractive that they will draw out private cash reserves that are in hiding or being hoarded. It is estimated that approximately \$2,000,000,000 are now being hoarded in this country, and the amount may run to a much higher figure. We are sure, however, it is at least that much.

Mr. COPELAND. If the Senator will bear with me further, I notice that Mr. Traylor in his testimony placed the sum at a much smaller amount. He said \$750,000,000 or possibly \$1,000,000,000. Does the Senator think it is much higher than that?

Mr. WALCOTT. We believe it is much higher, and we want to make these bonds draw out that money which is now being hoarded.

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Arkansas?

Mr. WALCOTT. I yield.

Mr. ROBINSON of Arkansas. I should like to make an inquiry relating to what appears to me to be an important provision of the committee amendment. Referring to page 22, this language is found:

Except as provided in section 5a hereof, no loan or advancement shall be made by the corporation for the purpose of initiating, setting on foot, or financing any enterprise, borrowing operation, or application for credit not actually recognized or financed by the extension of banking credit prior to the adoption of this act.

In the original bill at page 5 there appears to be a general authorization for loans to the financial institutions designated and also a general provision authorizing loans to other financial institutions.

The committee substitute, in the language that I first read, imposes a limitation on the purpose for which loans may be made. It would seem to limit the loans to the refinancing of loans already made by banks. Is that correct?

Mr. WALCOTT. Mr. President, that is correct so far as the spirit of this law is concerned; but I should like to amplify it a moment, unless the Senator has other questions.

Mr. ROBINSON of Arkansas. No; I should like to have the Senator make clear the effect of the limitation. What classes of loans would be permissible under the Senate committee amendment? Is it intended that only loans already in existence when the bill is passed shall be refinanced through the operations of this corporation?

Mr. WALCOTT. No; that is not intended; and I think the Senator will find that it is pretty clearly expressed if he thinks of it in this way:

The purpose of this bill is to lend money, not to spend money. It is believed that every dollar will come back into the Treasury, and perhaps, as was the case with the War Finance Corporation, enough more to pay the interest charges and the cost of operation. It is believed that that will happen.

This bill is not in any way intended to interfere with the regular functions of the banks or of the railroads, for that matter. This bill is not intended to authorize the corporation to enter the banking business. It is not intended that this corporation shall lend to corporations other than railroads, because the proper function of the banks is to do that; but, the banks having done that, if they find after they have made these loans that they are becoming insolvent or that their assets are becoming too much frozen, they may come to this corporation and in turn borrow.



In other words, a bank does not have to limit its borrowing from this corporation to cover the loans that it holds in its box, but it can come with all its assets and borrow. It is new money that is being lent; it is new loans that are being made, but not loans that would interfere with the normal operations of the banks.

Does that answer the Senator's question?

Mr. ROBINSON of Arkansas. No; it does not. If I may say so, the Senator has not made clear the thought that I had in mind when the question was asked.

I am directing my inquiry particularly to the limitation on the power of the corporation to make loans. It seems to me that the language incorporated would confine the loans to the refinancing of loans already made by banking institutions. It is a very important provision, and I am sure that its incorporation reflected the result of study by the committee, because under the original bill there was practically no limit on the purposes for which the Reconstruction Finance Corporation might make loans.

Mr. GLASS. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Virginia?

Mr. WALCOTT. I do.

Mr. GLASS. I thought the Senator from Arkansas was through with his question, and I wanted to respond to it for just a moment.

Mr. ROBINSON of Arkansas. I shall be glad to discontinue for the time being.

Mr. WALCOTT. I shall be glad to have the Senator from Virginia respond.

Mr. GLASS. I remind my colleague from Connecticut of the fact that that change was deliberately made, and the purpose was to circumscribe the power of the corporation; and I state now, because I had some personal part in making the suggestion and effecting the change, that it is not the purpose of this bill to set up a great central banking corporation to finance new enterprises or to loan money, as I understand, for the purposes of maintenance, but simply to enable distressed corporations in the matter of loans to meet their maturities when they can not possibly do it by borrowing from banks.

For instance, as I conceive the matter, it is not intended to loan a railroad money for operating expenses or for doing anything but meeting its maturities in case of inability to market new securities in the present depressed state of finances. The committee expressed that very deliberately.

Mr. REED. Mr. President—

Mr. ROBINSON of Arkansas. Take the case of the Federal and joint-stock land banks. It has been said that a separate bill, to follow this bill, will be brought forward, authorizing the loan of \$100,000,000 or \$125,000,000 in the form of subscriptions to the capital stock of Federal land banks; and the statement has been repeatedly made that no provision is to be included in that bill for the joint-stock land banks or their borrowers, their situation being analogous to the position that confronts the Federal banks and their borrowers.

In order for a joint-stock land bank, for instance, to secure a loan from this corporation, would it be necessary that the loan be made solely for the purpose of absorbing or refinancing loans already made to the joint-stock land bank by banking institutions?

Mr. GLASS. I should say undoubtedly that was the intention of the bill. In other words, it would not be competent for this corporation to loan a joint-stock land bank money to be in turn loaned to borrowers from the joint-stock land bank.

Mr. REED. Mr. President—

Mr. ROBINSON of Arkansas. It does not contemplate that through the instrumentality of loans contemplated by this bill either the Federal or the joint-stock land banks may be enabled to procure funds with which to make new loans?

Mr. GLASS. No; I think not. I think that is in contemplation, so far as the land banks are concerned, of a bill to be presently presented.

Mr. ROBINSON of Arkansas. That, as I understand, is limited to the Federals?

Mr. GLASS. Yes; but that is subject to such amendment as may be proposed.

Mr. ROBINSON of Arkansas. Oh, I understand that, of course; but under the provisions of this bill, as the committee has reported it, a joint-stock land bank upon a proper showing, upon depositing the necessary security, could absorb or take up or refinance loans heretofore made; but it could not, could it, procure funds with which to extend delinquent installments?

Mr. GLASS. I should not think so.

Mr. WALCOTT. I concur with the Senator from Virginia entirely, Mr. President. It can not.

Mr. ROBINSON of Arkansas. Then there is no provision, either in this bill or in the other bill referred to by the Senator from Virginia and myself, that contemplates the possibility of joint-stock land banks securing funds with which to extend delinquent installments for the benefit of their borrowers?

Mr. GLASS. No; but I beg leave to suggest to my colleague that it would be altogether germane to propose, when the other bill comes here, to include joint-stock land banks. I do not mean by that to make the suggestion myself that it should be done, for the reason that I think there is a very distinct difference between Federal land banks and joint-stock land banks, joint-stock land banks being organized by private subscription for private profit, personal profit, and the other banks being organized for the general benefit of the farming community.

Mr. ROBINSON of Arkansas. If the Senator will pardon me, I think he is in error about that statement; and the error is fundamental.

There is no moral or legal distinction between Federal and joint-stock land banks, or, as I conceive it, the right of borrowers from those institutions to consideration in connection with the legislation which Congress is to propose. It is entirely true that the two land-bank systems, the Federals and the joint-stock, are somewhat different. In the beginning the Federal Government subscribed the stock, or a part of it, of the Federal land banks. It took no part of the stock in the joint-stock land banks, but the law contemplated that the stock so subscribed by the Government should be absorbed by private individuals, by the borrowers from the Federal land banks; and that has been accomplished except as to a very small sum.

It does seem to me that it is a discrimination to authorize loans to insurance companies, which are purely private institutions; to building-and-loan associations, which are also purely private institutions, and deny any measure of relief to joint-stock land banks or to borrowers from those institutions.

I make that statement now in order that the Senator in charge of the bill and others who are interested in it may understand that this is rather an important question, and that the imposition of the limitations to which I have referred apparently accomplishes a purpose which will prevent many farm borrowers in the United States, those who borrow from the joint-stock land banks, from any possibility of extension in so far as this relief legislation is concerned.

It is well known that the Government, in the land bank bill which is coming on after this, is providing a very large fund, the fund having been increased from the \$100,000,000 contemplated by the original bill to \$125,000,000, as contemplated by the committee report, and that a part of the purpose in mind in connection with that fund is to enable the Federal land banks to extend to borrowers who will, in all probability, be in position hereafter to meet their payments already in default, to have sufficient time to enable them to do that; and it does seem to me, in view of the fact that there is neither a legal nor a moral distinction between the rights of borrowers from joint-stock land banks and the rights of borrowers from Federal land banks, that the relief contemplated by these two bills, in so far as those financial institutions are concerned, is only partial, and is discriminatory.



Mr. GLASS. Mr. President, I shall not venture to prolong the discussion on this point further than to say to my colleague from Arkansas that, taking his view of the matter, it would not be very difficult so to amend the bill, which will soon be on the calendar from the committee for the assistance of Federal land banks.

Mr. ROBINSON of Arkansas. May I add, in connection with the suggestion just made by the Senator from Virginia, that it is my information that there is now only about \$12,500,000 of aggregate delinquent installments in both Federals and joint-stocks, and that the fund carried in the bill to follow this is adequate to make provision for those who are in a position to supply such credit as may be required?

It is true that if we consider the principal of all the debts due the land banks we will find that there is a default of about \$275,000,000. I think that was the statement made by the farm loan commissioner. I am sure it is approximately correct. But that has only an indirect relationship to the amount of installments actually due and unpaid.

Mr. BARKLEY. Mr. President, the farm loan commissioner stated, in the hearings before the committee on the farm loan bill, that the total farm loans outstanding on which delinquencies now exist amount to about \$275,000,000, but that the actual delinquency, including delinquent interest and amortization payments, amounts to about \$16,000,000. That refers to the Federal land bank system. That does not include the joint-stock banks.

Mr. ROBINSON of Arkansas. My information was obtained some weeks ago, and it was my information that it was only about \$12,500,000 as to both at that time.

Mr. BARKLEY. I think that is a mistake.

Mr. GLASS. Mr. President, I am not going to prolong the discussion of a bill which is not yet here, and about which, unhappily, I have little information, because the pressure of other duties prevented my presence in the Committee on Banking and Currency when it was considered. But there is an argument in equity, perhaps, in favor of so amending that bill as to include joint-stock land banks. I am not prepared to say that I would oppose that being done. Nor am I prepared to say that I would approve it being done.

Mr. ROBINSON of Arkansas. Mr. President, may I make a statement there?

Mr. GLASS. Certainly.

Mr. ROBINSON of Arkansas. The Senator has perhaps inadvertently treated this matter as having no relevancy to the pending bill. May I point out to him and to others who are interested that if the original terms of the measure had remained unchanged the question which I have asked would not have arisen, because the power of the corporation to make the loans would have been comprehensive and would have extended to the cases I have in mind. The question arises on the amendment reported by the committee.

Mr. GLASS. Yes; and the power of the corporation would have been vastly greater than the Senator has indicated. In that event the power of the corporation would have enabled it to engage in a general commercial banking business; not only to relieve—and this is a bill for relief—existing embarrassments of banks generally, but to make loans for new business, without limitation, to all kinds of banks.

Mr. ROBINSON of Arkansas. I think that is entirely true.

Mr. GLASS. Surely the Senator does not think any corporation on earth ought to be given any such power as that?

Mr. ROBINSON of Arkansas. It does occur to me, however, that the restrictions ought not to be such as to prevent the accomplishment of a well-defined purpose in mind when the bill was first promulgated. The Senator will remember that at the White House conference, when this question arose, it was distinctly stated there by the President and by the governor of the Federal Reserve Board, that it was in contemplation, although the bill had not yet been drafted, that this corporation should be empowered to make loans for the purpose of enabling these institutions to extend the time of payment on delinquent installments where it appeared the installments could be subsequently paid.

Mr. GLASS. My understanding is that the bill to be reported, relating to land banks, will do that very thing in an ample way, except as to the joint-stock land banks.

Mr. ROBINSON of Arkansas. But they are half the system.

Mr. GLASS. I am not now making any objection to the amendment of the bill accordingly.

Mr. ROBINSON of Arkansas. The Senator will understand that a demand comes from literally hundreds, perhaps thousands, of borrowers for an extension of time. Many of them have their homes mortgaged, and by reason of conditions over which they have had no control, conditions which were not to be anticipated, they are in default. They think that if they were given time, they could work out their loans. The banks can not extend further credit to them to amounts which would cause their own bonds to go in default. In other words, a joint-stock bank or a Federal land bank must collect from its borrowers enough to pay the interest on its bonds and its overhead. If they do not, they go into receivership, and wholesale foreclosures result.

What I would like to suggest is that either in this bill, or in the bill to follow, some fair provision be made for both classes of these banks. It is not expected that they would be given anything, but that similar consideration be extended to borrowers from both classes of institutions, because they were both created under Federal law. The Government sponsored them, and if it is right to make loans to purely private institutions, such as insurance companies and building-and-loan associations—and I do not question that—it would seem to be discriminatory to deny loans to joint-stock land banks.

Mr. GLASS. It depends upon the purpose for which they are made. I do not concede that this bill authorizes loans to banks or insurance companies or building-and-loan associations for new-business purposes at all.

Mr. ROBINSON of Arkansas. I did not suggest that the loans should be made for the purpose of enabling banks to make new loans. If that is arranged for, it can be done, perhaps, in some other way. But I do suggest that if extensions ought to be accorded borrowers from Federal land banks, similar extensions ought to be accorded borrowers from joint-stock land banks.

Mr. GLASS. I think that contention contains many qualities of equity, but I think we ought to be very cautious in drafting the bill. I have not read the land bank bill, but I am told it contains a provision which, if I am accurately informed as to its tenor, I think would destroy the entire system.

Let me ask the distinguished Senator from Arkansas how many land-bank bonds he would be willing to invest his surplus in if he supposed that Congress might at any time declare a 5-year moratorium?

Mr. ROBINSON of Arkansas. Mr. President, I think the bonds of both the Federal and the joint-stock land banks are better than their market value, and while I have never suggested a moratorium declared by act of Congress, and, as far as I know, no one else has, I do not think the value of the bonds of either the Federal or the joint-stock land banks would depreciate one point by reason of our giving the banks power to extend payments and defer foreclosures in those cases where it appears collections can subsequently be made.

If the Senator insists upon a personal statement of my financial prospects and intentions and inclinations, I will say to the Senator from Virginia, frankly, that if I had any money to invest in bonds, I would be glad to invest it in either Federal or joint-stock land bank bonds at the market prices at this time, and I think I would be able to realize a profit. That is a personal question of such a nature that I do not feel compelled to answer it, but, as it seems to be important in the mind of the Senator from Virginia, I am glad to answer it.

Federal and joint-stock land bank bonds have declined to a point far below their actual value, and, like a good many other securities, they are selling now at prices which afford



splendid opportunities for investment, if the people in this country who have money had the courage to take some initiative and make the investments.

Mr. GLASS. Of course, that might be said of a great many securities of a great many corporations.

What I had in mind was simply this: That the continuation of the land-bank system is vitally dependent upon a market for land-bank bonds.

Mr. ROBINSON of Arkansas. The Senator is entirely right, and neither the Federal land banks nor the joint-stock land banks are functioning effectually now, at a time when they are worse needed than ever before in the history of the country, for the reason that there is no market for their bonds at prices which justify them in making new loans.

The Senator well understands, and the Senate understands, that both Federal land banks and joint-stock banks are limited in their opportunities of earning profits. Only 1 per cent margin is allowed by law between the rates of interest their bonds bear and the rates of interest their loans bear, and that 1 per cent must absorb the overhead, the losses, and the profits of the institution. If it does not, the institution making the loan does not prosper.

Federal land-bank bonds have gone down to quite a low point, and joint-stock land bank bonds are selling at a very low price. If either institution undertook to sell bonds now to make new loans, it would find itself confronted with this condition: The effort would be made to make a 1 per cent profit on a par investment, and it would have to sell its bonds at from 50 to 75 per cent of their par, which, of course, is a financial impossibility.

Mr. GLASS. Mr. President, all I am suggesting is that we should be careful not to do anything to make it more difficult to sell land-bank bonds.

Mr. ROBINSON of Arkansas. The very conditions which brought about a depreciation in the land-bank bonds, both Federal and joint stock, brought about a depreciation in the securities which this bill is intended to restore to their normal value.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. WALCOTT. I yield.

Mr. REED. I have been very much troubled by the provisions of section 10 of the bill as reported by the committee. That section relates to the exemption from taxation of the debentures issued by the corporation.

We have never before issued any governmental obligation which is wholly free from all kinds of taxation. In every case there has been an exception of estate and inheritance taxes. If the bill is passed as it stands, all of one's assets might be invested in these debentures, and if one then died, he would die without the slightest obligation on the part of his estate to either the National Government or a State government for any estate or inheritance tax.

Was that deliberately omitted by the committee, and if so, why?

Mr. WALCOTT. Mr. President, I think that was deliberate.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. COUZENS. I do not want the Senator to speak for the whole committee. So far as I recall, the subject of exempting these bonds from the Federal estate tax was not even discussed.

Mr. BROOKHART. I think it was not discussed in the subcommittee, either.

Mr. WALCOTT. I think there was no discussion of it.

Mr. REED. Can the Senator suggest any reason why that exemption should be put in as to these securities, as distinct from all other Government bonds we have ever issued? Even back before the Great War we never issued a bond which was wholly free from estate or inheritance taxes. I doubt very much whether we ought to do it now; certainly not unless there are reasons which have not been suggested to me.

Mr. WALCOTT. The Senator reads into that provision that the bonds would be nontaxable for inheritance purposes?

Mr. REED. Quite so; absolutely free of both State and Federal inheritance or estate taxes, and I do not think that should be. I think we ought to follow the provisions of the Liberty bonds, even the first Liberty 3½ per cent bonds, which were otherwise tax free, and insert after the word "taxation" in line 6, in parenthesis, the words "except estate or inheritance taxes." I should not be willing to vote for it if that provision were not in the bill.

Mr. LA FOLLETTE and Mr. BROOKHART addressed the Chair.

The VICE PRESIDENT. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. May I make a statement first on that point, and then I shall be glad to yield. We intended to follow the precedent established by the first Liberty bonds. If we have not done so, I am inclined to think it is an error.

Mr. BARKLEY. Mr. President, while it might be desirable to provide estate and inheritance taxes for the \$1,500,000,000 of debentures, it does not strike me that the \$500,000,000 of stock held by the United States Government ought to be subject to such taxes. In other words, for the \$500,000,000 of capital to be invested by the Treasury of the United States in stocks to be held by the Secretary of the Treasury, the corporation is authorized to issue \$1,500,000,000 of debenture bonds. They may find their way into private hands.

Mr. REED. Of course they will. That is just the point we have been discussing.

Mr. BARKLEY. The \$500,000,000 represented by capital stock held by the Treasury can never find its way into private hands.

Mr. REED. We are not talking about that. The bill provides for obligations to be issued by the corporation for its stock issue and its debenture issue, and those are, of course, going into private hands. If the provision of the bill in this relation is passed in its present form, a rich man far advanced in years could invest his whole estate in those obligations and his estate would be totally free of tax. I understand the Senator from Connecticut will give attention to an amendment on that point?

Mr. WALCOTT. I should be glad to do so.

Mr. LA FOLLETTE. Mr. President—

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. LA FOLLETTE. I should like to ask the Senator, inasmuch as the Senator from Pennsylvania has raised the question, why the committee considered it necessary to exempt these bonds from the surtaxes? If my recollection serves me correctly, all the obligations which the Government has issued since the first Liberty bonds have been subject to surtaxes. So far as I am personally concerned, I would be opposed to increasing any further the island of tax exemption which is being created in the country. If the Federal Government has been able to issue bonds during this period for the purpose of raising money and has been able to secure the sale of those bonds by providing that they shall be exempt from all taxation except the surtaxes, I do not see why these obligations should not bear the same privileges, but no more privileges than those which have been issued since the first Liberty bond issue.

Mr. REED. Mr. President, will the Senator from Connecticut yield to enable me to answer that question?

Mr. WALCOTT. I am very glad to yield.

Mr. REED. Ever since the second Liberty bond act the Government has attempted to subject its new issues to surtaxes as well as estate and inheritance taxes. It was found by experience that that gave complete tax exemption to every corporation while it did not give a similar tax exemption to an individual. A corporation pays only normal taxes. Consequently, a holding company, even if it had only one stockholder, got those bonds totally tax free, bonds like the second, third, or fourth Liberty, whereas the ordi-



nary individual, who did not have a little private holding company but who had the bonds, had to pay surtaxes on the Government interest. That so reduced the market for the bonds that after years of experience it was calculated that it cost the Government more than it saved it. It cost more in the reduced selling price of the bonds than it saved in the surtaxes that came back.

Consequently, about two years ago the Government recommended to the Finance Committee, and it in turn recommended to the Congress and the Congress enacted it into law, that all future Government issues might be made completely free of income tax, both normal and surtax. The recent issues of Treasury bills, of Treasury certificates, of Treasury notes have all been made free of both normal and surtaxes. The exemption given by section 10 of the bill now before us will be exactly the same as that given in recent Treasury issues if only this issue is made subject to inheritance and estate taxes.

Mr. WALCOTT. The intention was to make it exactly the same as the terms of the first Liberty bond issue.

Mr. REED. It would be the same as the first Liberty bond issue, then?

Mr. WALCOTT. Yes; that was the intention. Does that answer the question of the Senator from Wisconsin?

Mr. LA FOLLETTE. Yes; except it is my recollection that there was a bill pending before the Finance Committee prior to the adjournment of the last session of Congress extending the privilege of being exempt from all Federal taxation, and that it did not pass.

Mr. COUZENS. That was with reference to long-term bonds.

Mr. REED. But we have already authorized exemption of Treasury bills.

Mr. COUZENS. But not on long-term issues.

Mr. LA FOLLETTE. That is the statement I made.

Mr. REED. This is not a long-term issue. A Treasury issue for the same period as these bonds would be totally tax exempt so far as income tax goes.

Mr. LA FOLLETTE. What is the term for which these obligations may run?

Mr. WALCOTT. Five years.

Mr. REED. On page 26, line 4, it is provided that the maturity can not be more than five years.

Mr. WALCOTT. The privilege of extension applies only to the lending powers of the board.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. COPELAND. If the Senator will permit me, I want to go back to the question raised by the Senator from Arkansas [Mr. ROBINSON]. I take it that it was the idea of the committee that the corporation should not engage in the banking business. It made one exception relating to export corporations. I take it that the testimony of George St. Jean, of New York, influenced the committee. He pointed out that in our export business it is impossible for us to carry on successful business arrangements with foreign countries because the banking term of 90 days is too short, that it needed to be 6 or 9 months, and finally the committee recommended 12 months.

I would like to have the Senator confirm me in the matter or otherwise, but I take it that the only reason why the committee made any exception as regards future transactions was in order that the commerce of the United States might be promoted by the extension of longer credits in our export business. Am I right?

Mr. WALCOTT. The Senator is entirely correct. I may add further that in adopting this measure we believe that the corporation runs no risk whatever provided the whole business is carefully looked after. The export business, as the Senator knows, has gone to a very low ebb. The purpose of section 5 (a) is to try to revive that business without, however, assuming any undue risk on the part of the Federal Government.

Mr. COPELAND. We were practically being driven out by England and Germany and other countries in South America because we could not get this extension of banking arrangements or terms, and the committee made this one exception in order that the commerce of the country might be promoted.

Mr. WALCOTT. Yes; and our export business having suffered terribly is a very important factor in this depression.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. WALCOTT. I yield.

Mr. BROOKHART. The suggestion of the Senator from Arkansas [Mr. ROBINSON] was at no time considered either by the subcommittee or by the full committee. The effect, if any it has, on the joint-stock land banks was not considered at all. The general idea in putting this limitation was that this corporation would not go into the promotion business; that it would relieve enterprises which are already established and are unable to meet their obligations. I do not quite understand that the limitation would prevent the kind of a loan to a joint-stock land bank which the Senator from Arkansas mentioned. That is a loan to extend an obligation already in existence, and it seems to me a proper construction of the amendment would permit that to be done. But that specific proposition was not considered in the subcommittee or the full committee either.

Mr. WALCOTT. I thank the Senator for the explanation.

Mr. LA FOLLETTE. Mr. President, may I interrupt the Senator again for the purpose of asking a question?

Mr. WALCOTT. Certainly.

Mr. LA FOLLETTE. I would like to refer the Senator to section 5, line 1, page 21. In setting forth the exceptions to which the corporation is authorized and empowered to make loans there is included the phraseology "or other bona fide financial institutions in the United States." I would very much like to have the Senator explain what that language means. What sort of institutions does it include? Does it include private banking institutions? Does it include investment trusts? Does it include any corporation doing a bona fide financial business? Or is the terminology specific and does it confine the privileges to certain types of institutions? I think it a very important question, and if the Senator can enlighten me on it I should be very much obliged to him.

Mr. WALCOTT. Mr. President, after very careful consideration we excluded from the original bill the word "banker." That word was excluded because we were afraid that the board might be pestered—not prevailed upon, but pestered—by fly-by-night institutions or companies which might grow up in a few hours or a few days or a few weeks, without responsibility, thinking that in some way or other under the broad terms of the bill they could apply for and get some relief which they might need.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WALCOTT. I should like to finish this explanation first.

Mr. TYDINGS. I want to ask the Senator a question right in that connection. On page 20, line 17, the bill goes on to say:

The corporation shall have incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

I inquire whether he understands that the terminology, as restricted to institutions which the Senator has outlined, would mean that the institutions which the Senator from Wisconsin has named would not be included under that general grant of power?

Mr. WALCOTT. Mr. President, I did not understand that the Senator from Wisconsin had any particular institutions in mind? If so, I should like to know of them.

Mr. LA FOLLETTE. I am certainly not suggesting that any of the institutions which I name should be included, but I am anxious to know whether they would be covered under this general phraseology, because it seems to me that



it is very important for Senators to know before they vote for the bill whether the relief which the proposed corporation is to extend can go to institutions which have been primarily engaged in stock-market transactions and the financing of such transactions.

Mr. WALCOTT. Mr. President, my impression as to the interpretation of this language is that they can not; that they might apply but that they would be refused. The whole purpose of this language, including lines 17, 18, 19, and 20 on the previous page of the bill, is to give the corporation very broad powers in order to establish a confidence throughout the country which is needed. When a corporation is given broad powers there may be read into the language all kinds of things; for instance, one may be short of a meal and think it is broad enough to cover the loan of a meal ticket. I am not in any way criticizing the question asked by the Senator from Wisconsin, because it is a very pertinent question; and we spent hours and hours in discussing it. I am simply trying to make it clear that there are very broad powers conferred by this bill on the corporation in trusting the corporation to do the right thing. Promotion schemes have been intentionally and deliberately excluded; new business is intentionally and deliberately excluded. The bill is intended to be only a relief measure for existing institutions of a responsible financial character with resources that will enable them to borrow. That is as far as the bill goes.

Mr. LA FOLLETTE. Mr. President, if the Senator will yield further, I desire to ask could an investment trust, taking, as an example, one which had "substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it by the corporation," secure a loan from the corporation under the language as drawn?

Mr. WALCOTT. Mr. President, I can not answer that question accurately. Such a concern is not specifically excluded but it is not specifically included.

Mr. LA FOLLETTE. Could it not be contended that such an investment trust was a "bona fide financial institution"?

Mr. WALCOTT. I think it might be.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. COPELAND. Mr. President—

Mr. LA FOLLETTE. One other question, if the Senator will permit me further.

Mr. WALCOTT. I will.

Mr. LA FOLLETTE. I should like to know whether, in the Senator's judgment, a private investment banking institution "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it" could secure a loan?

Mr. WALCOTT. I should say no. Such a corporation is excluded.

Mr. LA FOLLETTE. I understand that the committee eliminated the word "banker," but have substituted therefor the words "bona fide financial institution"; and I am seeking to get a definition of what is included by that terminology, because if it opens the door to any institution which considers itself to be a "bona fide institution" to secure benefits under the terms of the bill, then I think the Senate is entitled to know that fact. If the terminology has some definite, legal limitation, then, for one, I should like to be informed what it is.

It seems to me that the language "or other bona fide financial institution" is a very general, broad, and inclusive term, and that, providing they can meet the qualifications set forth in the following line, "having substantial resources whose obligation, indorsement, or guaranty would add materially to the security of loans to it," there would be included investment trusts, private banking institutions, investment banking institutions, and institutions which, as I said before, have been designed and organized primarily for the purpose of financing and securing the flotation of or the purchase of securities on the stock exchange.

Mr. COPELAND. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. COPELAND. Let me suggest in this connection that on line 24, page 20, we find included insurance companies. Does that mean fire, casualty, and life insurance companies?

Mr. WALCOTT. It is intended to do so.

Mr. COPELAND. It would include any insurance company. Then, would a company such as the United States Fidelity & Guaranty Co. of Baltimore, or the Maryland Casualty Co., or the National Surety Co., where such companies use their funds to assist in financing homes, be eligible for consideration by the Finance Corporation?

Mr. WALCOTT. It would.

Mr. COPELAND. There is no doubt in the mind of the Senator about that?

Mr. WALCOTT. There is no doubt about it, as the matter was discussed both in the subcommittee and in the full committee.

Mr. COPELAND. That would be particularly true if one of these organizations, under the further terms of the bill, could by indorsement or guaranty add materially to the security of the loan, so that there is no question in the mind of the Senator that such organizations would be covered?

Mr. WALCOTT. Mr. President, it was with particular reference to the question the Senator from New York raises that we added the further words "bona fide financial institution," in order to cover any possible doubt that might exist with reference to building and loan associations and agricultural and livestock credit associations. The provision was put in in order to broaden the powers of the corporation so that it could take care of anything which was a financial institution and its resources such as to add materially to its credit facilities.

Mr. JONES. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I do.

Mr. JONES. It may be that the question I am going to ask the Senator has already been touched on, as I have not been able to be present all the time during the consideration of the bill, but I note on page 22 that special provision is made by which loans may be extended to railroads. Was the matter of extending loans to ships and shipping enterprises considered by the committee?

Mr. WALCOTT. That question was considered, but was ruled out; because if we take in steamship companies, we open the doors to all sorts of corporations that are outside the control of the Interstate Commerce Commission. Railroads, whose securities are held in great volume all over the country and in large masses not only by individuals as investors but by insurance companies, savings banks, and national and State banks as collateral for loans, are under the jurisdiction of the Interstate Commerce Commission, and it is an easy matter to place all the railroad securities under the scrutiny of the Interstate Commerce Commission for its approval whenever an application is made for a loan on such securities.

Mr. JONES. Mr. President, while it may be true that the Shipping Board does not have as broad powers over shipping as the Interstate Commerce Commission has over railroads, yet it does have pretty broad powers over shipping, and it would seem to me that a provision placing the loaning of money to ships and shipping lines under control and action of the Shipping Board, similar to that provided with reference to the Interstate Commerce Commission, would take care of that phase of the situation. Both our shipping lines and ships are in as desperate straits as the railroads can possibly be, and it seems to me that a provision in this bill similar to that with reference to the railroads, but substituting the Shipping Board in place of the Interstate Commerce Commission, would meet the suggestion the Senator has made as to why shipping companies should not be embraced within the purview of the bill. I hope the suggestion will have consideration.



Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALCOTT. I do.

Mr. COPELAND. I should like to add my voice to that of the Senator from Washington. The merchant marine is in desperate condition. While we have been exceedingly generous in our loans for construction purposes to one or two lines, yet the whole industry is just as much depressed as is the railroad industry; and, if some amendment could be worked out to cover and protect the operation of the corporation, it would seem to me most desirable that relief be extended. As a matter of fact, I may say to the Senator from Washington that I have asked that an amendment of that kind be prepared in order that it may at least be considered by the Senate while we are having this measure under consideration.

Mr. JONES. Mr. President, will the Senator from Connecticut permit me further to interrupt him?

Mr. WALCOTT. I will.

Mr. JONES. I have taken the provision relating to the railroads and have amended it in a way which I think will meet the situation—

Mr. COPELAND. Very well.

Mr. JONES. By substituting the Shipping Board in place of the Interstate Commerce Commission, and making other necessary changes in the language.

Mr. COPELAND. If the Senator from Connecticut will bear with me, the Senator from Washington proposes to add another paragraph, does he?

Mr. JONES. Yes; another paragraph to the same section.

Mr. COPELAND. I am very much interested in the Senator's proposal.

Mr. DILL. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. WALCOTT. I yield.

Mr. DILL. I did not catch the response of the Senator from Connecticut to the question of my colleague in which he asked the Senator from Connecticut for his opinion as to such a proposal.

Mr. WALCOTT. I intended to make it clear. I said that this bill does not include steamship companies, for the reason—

Mr. DILL. I heard that statement, but I wanted to learn what the Senator's attitude would be in the event the Shipping Board were given the same authority over loans to ships and shipping lines as the Interstate Commerce Commission is given in connection with railroad loans.

Mr. WALCOTT. I can not speak for the committee; but, so far as I am concerned personally, I should be glad to have the Senate consider such an amendment as has been suggested, if the Senator cares to submit it.

Mr. DILL. Is it not a fact that shipping on the seas is relatively as important to the trade and commerce of the country as is transportation by the railroads?

Mr. WALCOTT. I think if we were to go into that question, I would say yes; but it is perhaps not quite so relevant to this bill, because the securities of the various steamship companies are not generally held as collateral for loans. Therefore, I am inclined to think, inasmuch as they are very limited as collateral for loans and as they do not come particularly under the purview of this bill, that they should be treated in some other way. I agree that the shipping lines are vital to the country and that they need relief as badly as do the railroads; but I am not sure that they fit into this bill, because this bill is primarily intended for the relief of financial institutions, and I do not believe that even the railroads would have been considered if their securities were not held almost exclusively by financial institutions which are suffering in turn from the decline in the value of those securities.

Mr. DILL. I think the Senator makes a very narrow distinction there. If there are not very many of these securities that would be affected, then the call on the finance corporation would not be so great.

Mr. WALCOTT. Mr. President, there is an important amendment to this bill, designed to clarify it, which I should like to have acted upon at this time.

Mr. BRATTON. Mr. President—

Mr. WALCOTT. Does the Senator from New Mexico desire to ask a question?

Mr. BRATTON. Yes.

Mr. WALCOTT. I yield.

Mr. BRATTON. The bill plainly takes care of agriculture and livestock credit corporations and makes institutions of that character eligible for loans from the Reconstruction Finance Corporation. Let me ask the Senator whether a reclamation corporation organized under a State law, perhaps financed by a bond issue, would be eligible to apply for a loan?

Mr. WALCOTT. I think not. I think it would not come under the definition of a "financial institution" as set forth in the bill.

Mr. BRATTON. That is my belief, and I wanted to get the Senator's judgment on that question because I intend to offer an appropriate amendment to that effect. I think that reclamation corporations are, particularly in the Western States, probably so closely akin to agriculture and the livestock industry that they should be made eligible, leaving it to the judgment of the board as to whether credit should be extended.

Mr. WALCOTT. Under the provisions of this bill the logical operation would be that that reclamation project—which, let us assume for the sake of argument, is incorporated—would apply to the local bank for credit, or for extension of credit.

Mr. BRATTON. Of course, the Senator knows that in many of the Western States a local bank could not meet a reasonable demand from a reclamation project.

Mr. WALCOTT. I understand.

Mr. BRATTON. It would involve too much money. So that unless provision is made in the bill by which a corporation of that kind is eligible to apply directly for relief, it will be excluded.

Mr. WALCOTT. Yes.

Mr. BRATTON. So at an appropriate time later I shall offer an amendment designed to make a reclamation district eligible for relief.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Minnesota?

Mr. WALCOTT. I do.

Mr. SHIPSTEAD. On page 20, in section 5—

The corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, agricultural or livestock credit corporation—

And so forth.

Will the Senator tell me whether, in his opinion, there would be any limitation, and, if any limitation, what would such limitation be, upon the definition of "agricultural credit corporation"?

Mr. WALCOTT. It is my impression that that would include any corporation or association which had to do with the financing of any agricultural or livestock operation.

Mr. SHIPSTEAD. For instance, any organization or corporation organized for the purpose of making loans on farm mortgages, and discounting the mortgages, so as to keep a revolving fund, does the Senator think such an organization could qualify under this act as an agricultural corporation?

Mr. WALCOTT. I do.

Mr. SHIPSTEAD. To be more specific, if any State has organized a corporation for the purpose of extending rural credits, and maintains such an organization, and the State guarantees its obligations and furnishes a revolving fund to supply money for the purpose of extending rural credits, making loans on farm mortgages, does the Senator think that such an organization could qualify under this language?



Mr. WALCOTT. I am in doubt about that. I should say no.

Mr. GLASS. Mr. President, does the Senator mean to conduct a going business and make new loans? This is a bill for relief. It is not a bill to carry on business.

Mr. SHIPSTEAD. I understand.

Mr. GLASS. Does the Senator's question comprehend that this corporation shall loan money to an organization to make new loans on mortgages?

Mr. SHIPSTEAD. To refinance old loans and to carry loans that are in arrears or in default. The Senator does not think that even for the purposes of emergency loans that could be done, does he?

Mr. WALCOTT. No; I am not sure about that. The Senator did not mention that. If such a concern was organized and had in its strong box frozen collateral, and had to get relief for the purpose of, in turn, relieving its constituents—which, let us say, are livestock raisers or farmers—then I think it would come under the purview of this bill, but only as to the revamping of old business, putting new life into old loans. That is the distinct purpose all the way through; and it is particularly guarded as far as we were able to do, in order to insure against the corporation provided for in this bill competing with legitimate banking business of a new type. This bill does not originate new banking business, if I make myself clear.

Mr. SHIPSTEAD. If that is true, then on page 23, section 5—

The corporation is authorized and empowered to accept drafts and bills of exchange drawn upon it which grow out of transactions involving the exportation of goods actually sold or transported for sale and in process of shipment to buyers in foreign countries.

Does that provision take care of old transactions that are in trouble now?

Mr. WALCOTT. As we have just explained—perhaps the Senator was not here at the time—

Mr. SHIPSTEAD. No.

Mr. WALCOTT. That section is the only new section that does provide for new business in order to encourage the export trade. That is new; but it is the only section in the bill that is.

Mr. SHIPSTEAD. Acceptances or short-term credits in the form of acceptances now in the banks that are frozen in Europe could not come in under this language?

Mr. WALCOTT. They probably could not, in the judgment of this board, because it probably would take a creditor into a foreign court to collect.

Mr. SHIPSTEAD. Probably. Has the Senator any information as to how much of these foreign acceptances are frozen in Europe and held by banks in this country now?

Mr. WALCOTT. A very large amount.

Mr. SHIPSTEAD. It is not the intention of this bill to release those frozen foreign credits?

Mr. WALCOTT. Not where they are foreign. It is the specific intention of this bill not to lend even on foreign securities which, so far as they relate to goods either in process of shipment or in warehouses in foreign countries, would have the collateral lodged outside of this country, and the creditor would have to go into foreign courts in order to collect. Do I make myself clear?

Mr. SHIPSTEAD. Yes; I understand.

Going back to the agricultural credit corporation, where an agricultural credit corporation has loaned a great deal of money on farm mortgages, and those mortgages are in default, and the corporation is desirous of avoiding foreclosure by temporarily borrowing money in order to meet the accrued interest on bonds sold against mortgages, is it the Senator's idea that such a corporation, even though organized and maintained by a State, could come in under the provisions of this bill as an emergency measure?

Mr. WALCOTT. Positively; yes.

Mr. SMITH. Mr. President—

Mr. SHIPSTEAD. If the Senator will permit me. If such an organization should want to refinance its loans coming due, and not be able to raise the funds in any other way,

could it come with its agricultural paper to this corporation and receive a loan as an emergency loan?

Mr. WALCOTT. It could come with some assurance of success provided it had collateral which, in the opinion of the board, was adequate. That is the word used.

Mr. SHIPSTEAD. If its collateral was guaranteed by a State?

Mr. WALCOTT. And if the State's credit was perfectly good—which would be fair to assume—that collateral, in my opinion, would be adequate, and I should think in the opinion of the board. That is left to the discretion of the board; and in every case the loan must be secured by adequate collateral.

Mr. SHIPSTEAD. Now, let me ask the Senator another question. In view of the present rate for money in the money market, can the Senator give us any idea about what rate of interest will be charged the people who come to use the facilities of this corporation?

Mr. WALCOTT. Judging from the present condition of the market, it is my impression, entirely unofficial, that the rate these bonds would have to carry would be in the neighborhood of  $4\frac{1}{2}$  per cent.

Mr. SHIPSTEAD. Can the Senator give us any information as to whether or not an estimate has been made as to what it will cost the corporation to do business, so that we may have some idea as to the probable rate of interest that it would charge the institutions which desire to make available the facilities of this corporation?

Mr. WALCOTT. That would be governed by the discount rate and by the time and call rates at the time the loan was made. It would be useless to try to estimate what those might be.

Mr. SHIPSTEAD. If these bonds sell on a  $4\frac{1}{2}$  per cent basis, there must have been some estimate made as to what it would cost the corporation to do business. Would it cost, for instance, 1 per cent?

Mr. WALCOTT. At the present time?

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. At the present time the rate would be probably  $5\frac{1}{2}$  per cent.

Mr. SHIPSTEAD. That is, the corporation would be able to loan money at  $5\frac{1}{2}$  per cent?

Mr. WALCOTT. It is my impression that during the lending period of this corporation the interest rate to the borrower will run between 5 and 6 per cent, if that answers the Senator's question.

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. Of course, it varies from month to month.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. WALCOTT. I yield.

Mr. KING. Does not the Senator think that if the rate is fixed, we will plunge from Scylla into Charybdis? We will have withdrawn the money from the savings banks, now paying  $3\frac{1}{2}$  to 4 per cent—

Mr. WALCOTT. Four and a quarter per cent.

Mr. KING. Some of them pay only 4 per cent. Many of the savings banks pay only 4 per cent, and quite recently many of them were paying only 3 per cent. But if these bonds are floated—and I am expressing no opinion as to what the interest ought to be—at 5 or  $5\frac{1}{2}$  or 6 per cent, it seems to me inevitably that we will denude the savings banks of millions of their deposits.

Mr. WALCOTT. I think the Senator misunderstood me. I said that in my opinion at the present time the rate on the bonds might be  $4\frac{1}{2}$  per cent; that the money might cost the borrower from 5 to 6 per cent; but that is not the rate that these bonds carry. We are not, of course, intending to interfere with the savings banks nor with the postal savings.

Mr. BARKLEY. Mr. President—

Mr. WALCOTT. I yield to the Senator from Kentucky.

Mr. BARKLEY. In that connection I should like to call the Senator's attention to the fact that the first \$500,000,000 that will be loaned to financial institutions will be represented by the \$500,000,000 that we are appropriating for the



capital stock of this corporation. Assuming that the Government will have to obtain that money by selling its own bonds, I presume that the rate of interest charged the individual borrowers would depend somewhat upon the rate of the bonds the Government would sell in order to obtain the money, so far as the \$500,000,000 was concerned. If that turned out not to be sufficient and the corporation was required to issue the billion and a half or any part of the billion and a half provided for in its own debentures, the rate of interest paid by borrowers would then depend upon the rate of interest borne by the bonds sold in order to obtain the billion and a half, or any part of it. So that it is impossible now to forecast any particular rate of interest that will be charged borrowers. I imagine even that would fluctuate from time to time, depending upon the money market.

Mr. WALCOTT. I thank the Senator.

Mr. WALSH of Montana. Mr. President—

Mr. WALCOTT. I yield to the Senator from Montana.

Mr. WALSH of Montana. I desire to follow the question addressed to the Senator from Connecticut by the Senator from Minnesota [Mr. SHIPSTEAD]. He was inquiring about corporations engaged in making mortgage loans.

Take the ordinary farm-mortgage company, which loans upon farm mortgages. It is obviously a financial institution within the meaning of this bill. Is there any reason why loans should not be made under this act to those institutions? They all borrow money. All the mortgage companies borrow money with which they make loans. If they become embarrassed by reason of their own loans, by reason of the fact that they have not been able to collect the interest upon the loans that they have made, could those farm-mortgage companies borrow from this corporation?

Mr. WALCOTT. Mr. President, if it is a bona fide mortgage company—

Mr. WALSH of Montana. We assume that, of course.

Mr. WALCOTT. Legally incorporated, it is my opinion that the board would consider such loans.

Mr. WALSH of Montana. I do not address myself now to the question of whether the board, in the exercise of its discretion, will or will not do so. I inquire whether it has the power to do so.

Mr. WALCOTT. In my opinion it has.

Mr. WALSH of Montana. If that is the case, then how can the ordinary joint-stock bank, incorporated under the Federal act, be excluded from the benefits of this measure?

Mr. WALCOTT. In my opinion it is not specifically included.

Mr. WALSH of Montana. It is not specifically included. Of course, if it is included, it is included under the denomination of financial institution.

Mr. WALCOTT. Exactly.

Mr. WALSH of Montana. So that the inquiry addressed to the Senator by the Senator from Arkansas a little while ago it seems to me ought to be answered directly, that all joint-stock banks are eligible to borrow under the provisions of this measure.

Mr. WALCOTT. If they bring proper collateral.

Mr. WALSH of Montana. Of course, they have to have the right collateral and that sort of thing; but they are eligible, if they can meet the requirements.

Mr. WALCOTT. I think so.

Mr. SHIPSTEAD. Mr. President, I would like to ask just one more question. Of course, I realize that the rate at which the corporation would lend money would depend on the market rate for money. My reason for asking for an estimate as to what the cost of the corporation would be was that I might get some approximate estimate of what rate of interest would be charged to corporations or institutions borrowing money.

Does the Senator think that this corporation can lend the money at a rate so low that it would pay any organization, for the purpose of getting a low rate of interest, to refinance its obligations through this corporation? Would it be possible for the corporation to do that; and if it is possible to

do so, would a corporation undertake to do such refinancing, in the Senator's opinion?

Mr. WALCOTT. Does the Senator mean for the purpose of saving part of the interest rate?

Mr. SHIPSTEAD. Yes.

Mr. WALCOTT. I am inclined to think the corporation would not consider that favorably, because it would not be a matter of immediate distress. In other words, I do not believe that the board would consider favorably refinancing for the purpose of saving a part of an interest rate which an institution is now paying. That would bring it in direct competition with existing financial institutions, which is not proposed. But if, on the other hand, institutions come with assets which are frozen, this corporation is willing to hold slow assets, frozen assets, if you please, for more or less indefinite periods, until times improve, provided those assets are intrinsically sound.

In other words, Uncle Sam holds the bag on commodities, assets of various kinds, which are considered good security in normal times, in order to furnish cash for the recovery of the institutions of the country. It is counterdeflation. It is putting onto the market \$2,000,000,000, if necessary, in cash and in place of it Uncle Sam takes into his strong box various securities which have proven slow or inadequate, and as to which there is believed to be a reasonable chance of recovery in the course of several years. It is pushing some hope into this situation, and, from my point of view, hope is the lifeblood of the human mind, and when hope is driven out fear enters, and despair is the result.

Let us start by pushing some hope into this financial structure of ours, by putting in real cash, and make the people of this country thankful that they live in a country whose government is strong enough, rich enough, and courageous enough to go into an enterprise of this magnitude. No other government in the world could do this today. But time is of the essence.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. McKELLAR. I believe the Senator, in answer to a question, has already said that a bank or trust company could borrow on farm mortgages which are now held and which are so-called frozen assets. Is that correct?

Mr. WALCOTT. Yes.

Mr. McKELLAR. Suppose, instead of being farm mortgages they were mortgages on real estate of any kind. Would they still be eligible for discount in this corporation?

Mr. WALCOTT. They would be.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. LA FOLLETTE. My question is prompted by a question which the Senator from Minnesota asked in reference to section 5a, found on page 23. I had gotten the impression that that provision was to take care of the financing of new export business which might originate after this act was passed. I got the impression, however, from the answer which the Senator from Connecticut made to the Senator from Minnesota that under the terms of this section the corporation could absorb the short-time frozen credits of banks which were held by those banks at the time this measure became a law. Was I correct?

Mr. WALCOTT. I think so.

Mr. LA FOLLETTE. The Senator thinks, then, that all of these short-time German credits held by the banks could be absorbed by this corporation, under the terms of section 5a?

Mr. WALCOTT. No; I do not. They are specifically excluded.

Mr. COPELAND. Except Canadian bonds.

Mr. WALCOTT. Except Canadian bonds.

Mr. LA FOLLETTE. Where does the Senator find the language in section 5a which excludes them?

Mr. WALCOTT. It is not in 5a.

Mr. COUZENS. It is a general provision.

Mr. WALCOTT. Section 5a is another provision.

Mr. LA FOLLETTE. That is what I understood it to be.



Mr. COPELAND. I suggest that the Senator look on page 21.

Mr. LA FOLLETTE. I understand the term there to refer to the ordinary obligations of foreign corporations, foreign municipalities, or foreign governments. The question I now ask is, Does it exclude the so-called short-term credits about which we have heard so much in the last few months? I would like to know whether, in the opinion of the Senator from Connecticut, under section 5a this corporation could refinance the short-term credits now held by banks in the United States—German credits, for instance.

Mr. WALCOTT. In my opinion, it could not.

Mr. LA FOLLETTE. Is that because the Senator takes the terminology on page 21, line 17, "That no loans or advancements shall be made with foreign securities except those of the Dominion of Canada and of Canadian corporations as collateral"? Is that the clause which the Senator contends excludes these short-term credits?

Mr. WALCOTT. Yes; and they are excluded whether they are short or long term, provided they are obligations of foreigners, foreign governments, or foreign corporations. Does that answer the question?

Mr. LA FOLLETTE. It answers the question, but it does not convince me. In other words, I take it that is the Senator's opinion, but the question I raise, and which I would like to have considered, is whether this phraseology on page 21, beginning on line 17, the language, "No loans or advancements shall be made with foreign securities," includes drafts and bills of exchange which are the ordinary securities of the so-called short-term bank credit now held in this country due to the export business with foreign countries.

Mr. BARKLEY. Mr. President, will the Senator from Connecticut yield?

Mr. WALCOTT. I yield.

Mr. BARKLEY. It seems to me that there is a distinction to be drawn between the so-called short-term credits now held by American banks against foreign countries or foreign corporations, some of which represent money loaned by these American banks to these foreign corporations, and the sort of acceptances and drafts referred to here in this section, which are simply paper passed in the ordinary course of business as evidences of payment for goods which we export to foreign countries. I question very seriously—and to that extent I agree with the Senator—whether the object of this bill is not to enable banks in this country to refinance foreign obligations which they now hold, whether the obligations be long or short term.

Mr. WALCOTT. Mr. President, I think we are laboring under a slight misapprehension, and I am very glad the Senator from Wisconsin raised the point. If there is any ambiguity on page 21, section 5, or with reference to section 5a, any possible conflict in the language, it ought to be cleared up, because section 5a is intended merely to provide for security to take the place of the ordinary paper, the idea being that that paper shall never be more than 12 months in duration, issued by financial institutions in this country; and if they need some assistance in doing that, they can get it. It might be a draft, for instance, with a bill of lading attached, and that would be eligible under this measure. But that is not, in the meaning of section 5a, a foreign security. An acceptance in that sense is a receipt for goods which have been shipped. So that, after all, back of it are goods which are American made. Do I make myself clear?

Mr. LA FOLLETTE. Yes; but if I understand correctly, that is what all these short-term German credits are. They are so-called self-liquidating credits, due, as I understand it, to export of American goods to Germany.

Mr. COUZENS. Mr. President, may I suggest that if there is any doubt about the language, we add, after the word "securities," in line 21, on page 21, the words "including acceptances, drafts, and bills as provided in section 5a."

Mr. WALCOTT. That would be entirely satisfactory. Does that satisfy the Senator from Wisconsin?

Mr. McKELLAR. Will not the Senator state that again?

Mr. COUZENS. I suggest that if there is any question about it, we add, in line 21, on page 21, where we refer to exceptions, the words "including acceptances, drafts, and bills, as provided in section 5a."

Mr. WALCOTT. I would like to have that submitted to the Federal Reserve Board, because they have experts who have studied the language in this bill, and they were quite sure there was no conflict. If there is conflict, and the Senator from Wisconsin is not satisfied, he ought to be satisfied, and the matter ought to be cleared up.

Mr. FESS. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. I yield.

Mr. FESS. The language in line 17 on page 21 is strictly a limitation on what can be done, and is very specific, "that no loans or advancements shall be made with foreign securities except," mentioning Canada. I can not see how any interpretation could change that. That is a strict limitation, and no language in the bill would modify that, unless it applied specifically to this.

Mr. LA FOLLETTE. Mr. President, if the Senator from Connecticut will permit me, may I say to the Senator from Ohio that that is true if the word "securities" in line 18 is all-inclusive. If, however, it refers to the ordinary securities, the obligations in the form of bonds and corporate values issued by corporations, municipalities, principalities, and central governments, then it is not convincing to me; but if the language is all-inclusive then I would assume he is correct. That is the point I raise and I shall appreciate it very much if the Senator from Connecticut will straighten it out.

Mr. WALCOTT. I believe the Senator from Ohio had not quite concluded what he wished to say?

Mr. FESS. No; I had not. I was under the impression that section 5a has to do specifically with acceptances while section 5 deals with securities. I think that is the purpose of the Federal Reserve Board expert in the employment of this language. I think, however, there can be no harm in accepting the amendment suggested by the Senator from Michigan.

Mr. SHIPSTEAD, Mr. FLETCHER, and Mr. COPELAND addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Minnesota, and then I shall be glad to yield to the Senator from Florida.

Mr. FLETCHER. Mr. President, will the Senator from Minnesota allow me to say, before he proceeds, that I know something about section 5a, which seems to be given some trouble. It has nothing to do with foreign securities or foreign documents or foreign drafts of acceptance. It relates to American paper and American acceptances and American transactions entirely, and has nothing to do with any foreign paper or securities.

Mr. SHIPSTEAD. If I can be assured of that, then I shall be satisfied. Last summer, the Senator will remember, when the banks were in trouble about their short-time credits, the acceptance houses were in particularly heavy trouble, and I want to know whether or not that trouble is going to be relieved by the provisions of the bill which we are now considering.

Mr. WALCOTT. I tried to make that clear with reference to section 5a, because that pertains to American-made goods and American raw materials. The underlying collateral is something that originates in America. Do I make myself clear?

Mr. SHIPSTEAD. Will it be applicable only to goods shipped after the passage of this bill?

Mr. WALCOTT. That is correct.

Mr. SHIPSTEAD. And it is not to be retroactive?

Mr. WALCOTT. It is not retroactive.

Mr. SHIPSTEAD. Then it is something to facilitate new business and the transaction of new business?



Mr. WALCOTT. Section 5a does facilitate new export business.

Mr. SHIPSTEAD. But it is not retroactive, so as to have anything to do with any frozen assets of the past?

Mr. WALCOTT. That is correct.

Mr. COPELAND. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. Certainly.

Mr. COPELAND. The Senator is very patient and I want to thank him for his courtesy. He has been very fair and courteous throughout all the hearings. At his convenience I wish he would make clear to the Senate exactly the significance of the language on page 27, beginning in line 4. If the Senator would prefer to do that at a later time, I have no objection to waiting, but I am anxious to have made very clear and distinct what is meant by that language.

Mr. WALCOTT. While it seems to be optional with the Secretary of the Treasury, as a matter of fact the Secretary of the Treasury, under one of the previous sections, must give this corporation a call on these funds. But these funds may not be financed by the Secretary of the Treasury until in his discretion the market justifies it or until he thinks the market is right for the sale of his securities. He has a little leeway there. The corporation, however, has a call on whatever it may need up to \$1,500,000,000 in addition to the capital stock.

Mr. COPELAND. That may be in the form of Government bonds?

Mr. WALCOTT. It may be.

Mr. COPELAND. I want to ask about that matter, too. The Senator will remember that after we sold the Liberty bonds and had our 4-minute speakers who made the sales campaign, a situation arose which was most embarrassing to those of us who took part in that campaign, because those bonds dropped to about 80. Is there a possibility that that might happen with reference to these bonds any more than any kind of ordinary Government bonds?

Mr. WALCOTT. In this case we have specifically provided that the Secretary of the Treasury may not only sell but buy.

Mr. COPELAND. At par?

Mr. WALCOTT. At par or at any price he pleases. The Treasury Department can, and probably would, support the market in order to keep these bonds at a high price.

Mr. COPELAND. Does the Senator believe we would be justified in saying that to the public?

Mr. WALCOTT. I think so.

Mr. COPELAND. Then let me ask this further question: Could the owner of one of these reconstruction bonds take it into a bank and negotiate a loan on it?

Mr. WALCOTT. Yes.

Mr. COPELAND. It would not be rediscountable by the bank at a Federal reserve bank?

Mr. WALCOTT. No.

Mr. COPELAND. What would happen to the owner of one of these bonds who wanted to borrow money on it?

Mr. WALCOTT. It would be impossible to answer that question. It would depend on circumstances. The Senator must realize that these bonds are as good as the Federal Government, and that the Federal Government has in every way guaranteed the bonds as to principal and interest; so that some time, and in a very short time—five years, presumably, at the outside—they would all be redeemed at par. That really is the answer. There may be an intermediate fluctuation. We can not guarantee that the bonds will always remain at par, but the intention is that they shall be somewhere near par.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. Certainly.

Mr. COUZENS. Will the Senator let me make the statement that the present 3's are down to 84? It will depend largely on the rate of interest the board pays. No one can say whether they are going to remain at par when our present 3's are down to 84.

Mr. COPELAND. I was about to say that the fact a bond can not be rediscounted in a Federal reserve bank makes the bonds less desirable to the purchaser than an ordinary Government bond would be, so far as the loan feature is concerned.

Mr. WALCOTT. Only as to the banks but not as to individuals, because they do not need that eligibility.

Mr. COPELAND. Is not that the reason why we have to have a more attractive rate of interest on these bonds?

Mr. WALCOTT. It is.

Mr. COPELAND. There are certain features in connection with these bonds making them less desirable as a piece of security than a Government bond. Therefore, to bring out the hoarded money and to find sales for the bonds, there will have to be a rate of interest attractive enough to cause their sale, and at the same time that rate of interest must not be so high as to ruin savings banks.

Mr. WALCOTT. That is correct.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from South Carolina?

Mr. WALCOTT. I yield.

Mr. SMITH. I want to ask the Senator to what extent aid may be extended to banks that have already been closed on account of inability to realize on certain securities they have? I take it that the bill is for the purpose of relieving financial institutions whose assets are good but who can not realize what they are really worth. Where a bank has been forced by the exhaustion of its actual cash to suspend, but whose assets are still reasonably intrinsically valuable, if improvement should take place, to what extent can that bank be aided to reopen or reorganize under the provisions of this bill?

Mr. WALCOTT. During the Senator's temporary absence from the Chamber I explained that whole question fully. I shall be glad to go into it again if he wants me to do so.

In a word, the bill provides that banks which are reasonably well off, so far as free collateral is concerned, although they may be closed, but not entirely insolvent and not in the hands of a receiver—or even if they were in the hands of a receiver, if, in the judgment of the board after an examination they are perfectly solvent, but on the margin line—could be opened, provided they have enough free collateral to borrow sufficient money to tide them over a depressed period. In other words, we believe the bill will be instrumental in opening up a great many banks on the margin of insolvency that really ought to live.

There is another bill being prepared which we hope will take care, to a large extent, of the depositors of banks which are beyond relief of this sort; in other words, banks which can not open but on whose deposits a substantial amount can be paid because of the free assets still left in the bank.

Mr. SMITH. The Senator is very familiar with the situation which has developed in my State.

Mr. WALCOTT. Yes. I explained that quite fully without mentioning the Senator's State.

Mr. SMITH. The condition there is so serious and is so widespread that I had hoped the provisions of the bill would be sufficiently literal to allow them, on the free assets which they have, which they have been unable to negotiate in the market, to go to this corporation and get sufficient aid for them to reopen or reorganize, to avoid the confiscation of receivership and liquidation. Everyone knows that under present conditions whenever a receiver is appointed and liquidation sets in, every creditor who has either preferred credit or has certain of the bank's obligations hypothecated to him, comes in and gets all he can regardless of the effect it may have.

Mr. BLAINE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. BLAINE. Am I mistaken in my understanding of the comment made by the Senator that this bill means counter-inflation?



Mr. WALCOTT. No; counterdeflation. We have overdeflated, in my opinion, and we must get commodity prices back again by counterdeflation. This seems to me a strong measure taken in the interest of counterdeflation.

Mr. BLAINE. By what method does the Senator propose the bill will mean inflation?

Mr. WALCOTT. I do not use the word "inflation," because I do not think the bill will create any particular measure of inflation; but I think that by restoring confidence and supplanting fear and despair with hope, by the use in some part of \$2,000,000,000 in cash, which in turn displaces or takes up and holds for several years in the pockets of Uncle Sam those frozen securities, that we shall gradually start up the wheels of business, we shall gradually furnish enough cash so that the grocery man, the druggist, the butcher, and the various arteries of trade are going to receive a due portion of the cash, which I think will start business, and if business starts and buying power is restored, commodity prices should advance.

Mr. BLAINE. The Senator does not mean that the bill is designed for the purpose of inflation?

Mr. WALCOTT. No.

Mr. GLASS. It is designed to arrest deflation.

Mr. WALCOTT. Yes; to arrest deflation and to try to put commodity prices back where they will show a profit to the producer.

Mr. BLAINE. Is it not a matter of fact that the provisions of the bill to amend section 13 of the Federal reserve act and to amend section 13a of the Federal reserve act were purposely inserted in order to prevent the issuing of additional Federal reserve notes?

Mr. WALCOTT. To what page of the bill does the Senator refer, to page 27?

Mr. BLAINE. I refer to pages 27 and 28.

Mr. WALCOTT. I propose to offer an amendment which I think will cover the Senator's point. The language there is incorrect and should all be eliminated.

Mr. BLAINE. Perhaps after the amendment to which the Senator refers shall have been offered I shall have no criticism.

Mr. WALCOTT. I should like to have the Senator read the amendment to which I have referred.

Mr. KING. Mr. President, I should like to ask a question, if I may.

Mr. SHIPSTEAD. I desire to ask the Senator a question.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Utah.

Mr. KING. I attempted to understand—and it was, of course, my own mental infirmity which prevented my doing so—the reply which the Senator from Connecticut made a moment ago to the interrogation of the Senator from New York [Mr. COPELAND] concerning the sentence in the bill commencing on line 4, page 27. I now invite the attention of the Senator to that sentence, and I inquire whether or not, under the power there granted to the Secretary of the Treasury, he may, without any further authority, without coming to Congress, invade the Treasury and take the funds that may be there, the revenues of the Government, for the purpose of purchasing bonds of the proposed corporation? If so, does not the Senator see that there may be some difficulty and that the action of Congress may at some time be impaired? Drafts may be made pursuant to law upon the available resources, and yet the Secretary of the Treasury, out of Government resources, might purchase large quantities of these bonds and thus rob the Treasury—temporarily, of course—of funds which had been appropriated by Congress and which were supposed to be available for important public purposes.

Mr. WALCOTT. Mr. President, I can not imagine the Secretary of the Treasury doing anything that would be embarrassing with reference to taking care of the regular operations of the Government. The intent, of course, of the language found here is that he may take over these bonds, and in furnishing cash he must get that cash by the sale of Government securities if he has no other funds. That is the intent of the bill.

Mr. KING. One other question. Would that mean, then, that he is to determine when to sell Government securities; that he might put upon the market short-term securities in order to reimburse the Treasury for money which he had taken out without any specific authority but merely under this general authority for the purpose of purchasing these bonds?

Mr. WALCOTT. He always has the authority to fix the time at which he may offer securities; he is supposed to be a good judge of market conditions; but he always has had that particular authority. There is no change proposed in that respect at all.

Mr. BROOKHART. Mr. President, in regard to that proposition, let me make this suggestion: By the terms of this bill we have appropriated \$500,000,000 for the capital stock of the corporation; that amount is actually appropriated, not merely authorized to be appropriated. We have also, if the contingency which the Senator from Utah has mentioned arises, further appropriated the other \$1,500,000,000 to purchase debentures; so that it is all appropriated by the terms of this bill.

Mr. GEORGE and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. WALCOTT. I yield first to the Senator from Georgia.

Mr. GEORGE. I wish to inquire about section 6 of the bill. Reference is made therein to section 5202 of the Revised Statutes of the United States. On consulting that particular provision of the Revised Statutes I do not find the express words "War Finance Corporation act" included therein; and I therefore do not understand the meaning of this provision. I wanted to ask the Senator what was the specific purpose for the inclusion of section 6.

Mr. WALCOTT. The purpose is merely to adopt the previous act and change the corporate name from War Finance Corporation to Reconstruction Finance Corporation. That is the entire purpose of that provision.

Mr. GEORGE. It was not the purpose to confer upon the Reconstruction Finance Corporation the powers of the War Finance Corporation?

Mr. WALCOTT. No; none of them were conferred. It only refers to the title; at least, that is what it is supposed to do.

Mr. GEORGE. My examination of the section discloses, perhaps, some error in the reference and that is the reason I was asking about it.

Mr. BARKLEY. Mr. President, the intent is to make that section of the War Finance Corporation act a part of this act by simply changing the name in that act from War Finance Corporation to Reconstruction Finance Corporation. Is not that true? If that is not the right reference, of course, it ought to be changed.

Mr. GLASS. It is not the right reference.

Mr. WALCOTT. It can not be.

Mr. GLASS. It is not the right reference at all, and it will have to be corrected.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. WALCOTT. I yield.

Mr. NORRIS. I was called out of the Chamber and if my question has been answered I will not, of course, insist upon another answer; but will look for the answer in the Record. There is, however, a provision in the bill that makes the corporation which it is proposed to set up a depository for all public funds except receipts from customs. What is the object of that, and how is that expected to work out or to help?

Mr. WALCOTT. There is a large amount of State and county funds now tied up in State banks and national banks, and it was thought necessary to provide for holding those funds in the event of having to take over, for instance, a bank that has such public funds deposited in it. If the bank is closed, something has to be done to relieve the bank. For instance, supposing there are guaranteed deposits, there is specific authority lodged then in the Reconstruction Finance Corporation to handle those deposits if necessary.



It could also take over State funds, if necessary, as I understand. Perhaps I am not thinking of the same section as the one to which the Senator has referred.

Mr. NORRIS. I do not believe the Senator is. I will call attention to the specific provision and the place where it occurs in the bill. It is on page 30, section 12, and reads, in part:

When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depository of public money, except receipts from customs, under such regulations—

And so forth.

As I understand from that, the Secretary of the Treasury if he collected any public funds, excepting customs receipts, could deposit that money with this corporation.

Mr. WALKOTT. He could; yes.

Mr. NORRIS. What is the use of that provision? It makes of this corporation a sort of bank, does it not, empowered to receive public deposits?

Mr. WALKOTT. I will ask the Senator from Virginia [Mr. GLASS] to answer the Senator's question.

Mr. GLASS. I apprehend that the purpose of the provision is to make this corporation such a depository of public funds as is usual, so far as the Treasury is concerned, with respect to national banks, member banks, and the Federal reserve banking system. I am not prepared to say it is a wise thing to do, and I do not intend by that observation to make any criticism of those members of the committee who think otherwise.

Mr. BULKLEY. Mr. President, let me make a suggestion.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. To whom does the Senator from Connecticut yield?

Mr. WALKOTT. I yield first to the Senator from Ohio, who perhaps can answer the question.

Mr. BULKLEY. That provision was incorporated in the bill so as to remove any doubt as to the constitutionality of the proposed act. The constitutionality of the farm loan act was sustained on this kind of a clause.

Mr. NORRIS. Is it intended then, let me ask, that the Secretary is not going to designate this corporation as a depository?

Mr. BULKLEY. That is entirely discretionary so long as we merely make the corporation a Government depository. As I have said, the provision was inserted in order to relieve any doubt as to constitutionality.

Mr. NORRIS. Is it the understanding that the Secretary is never going to avail himself of this right which the bill confers upon him?

Mr. BULKLEY. I can not answer that question.

Mr. WALKOTT. He has that discretionary power.

Mr. NORRIS. It seems to me, if the Senator from Connecticut will permit me further, that the effect of section 12, if the Secretary shall do what he is there given authority to do, is to very greatly enlarge the amount of money which the proposed corporation may handle. It will not be confined to its capital stock of \$500,000,000 and/or bonds of \$1,500,000,000 more, but the Secretary can put public funds in the hands of the corporation, which, of course, can use them without limit. The Secretary under this section, as I understand, could put all the funds of the United States in this corporation excepting the funds which he receives from customs duties, which would mean income taxes, internal-revenue taxes, and all miscellaneous receipts. They could all be turned over to this corporation. So they would be able to have in addition to the money that is directly provided for, the \$2,000,000,000, as much more money, with the exception of customs receipts, as the Government of the United States had at any particular time.

Mr. WALKOTT. I can not say exactly what he would do. Apparently the authority is implied here. The provision was put in by the Federal reserve authorities. I can easily get a definite answer to the question.

Mr. NORRIS. The question arose in my mind—although the Senator from Ohio has given some explanation of it—what is the use of this provision? Is it intended that this corporation shall act as a bank and receive deposits from the Government of the United States?

Mr. BULKLEY. Mr. President, I think it is fair to say that the provision was put in for the technical reason I have stated, but the committee is not in a position to say whether or not the Secretary of the Treasury will ever use the authority given.

Mr. NORRIS. There is no provision of this kind in the law, is there, that we enacted previously during the war regarding the War Finance Corporation?

Mr. WALKOTT. I have just consulted Mr. Morrill, secretary of the Federal Reserve Board, and am informed that there was such a provision in the Federal farm loan act, which was incorporated in this bill verbatim in order to insure the constitutionality of the proposed act. It is not intended that it shall be availed of.

Mr. NORRIS. I should like to ask the Senator another question. Has there been doubt raised as to the constitutionality of this proposed act?

Mr. WALKOTT. No such question has been raised, so far as I know.

Mr. NORRIS. So far as the Senator knows, its constitutionality has not been questioned?

Mr. WALKOTT. Its constitutionality has not been questioned.

Mr. NORRIS. If that be true, why grant such extraordinary power in addition to other powers so unlimited as to almost stagger the imagination?

Mr. BARKLEY. Mr. President, if the Senator from Connecticut will yield to me there, the constitutionality of the other act from which this language was taken was raised and even went to the Supreme Court. As the Senator from Ohio [Mr. BULKLEY] has already said, the decision of the court as to its constitutionality turned largely upon the power conferred by the law to make the organization then created a public depository.

Mr. NORRIS. Will the Senator cite me that Supreme Court decision?

Mr. BARKLEY. I can not remember it at the moment.

Mr. WALKOTT. I will be glad to have it looked up for the Senator.

Mr. NORRIS. I should be glad to see it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. WALKOTT. I do.

Mr. FLETCHER. That question was raised when the constitutionality of the farm loan act was tested by a case which was brought in St. Louis. This is the foundation of the right to exempt these bonds from taxation. That is the reason the provision is in the bill, namely, in order to make this corporation sustain a kind of fiscal relation to the Federal Government upon which to base this legislation exempting its bonds from taxation.

Mr. NORRIS. If the Senator from Connecticut, who has the floor, will yield to me further I should like to ask the Senator from Florida a question.

Mr. WALKOTT. I yield.

Mr. NORRIS. In the Federal farm loan act was there any such provision as this?

Mr. FLETCHER. I think there was.

Mr. NORRIS. The Federal Farm Loan Board was not made a depository of public funds. The farm loan banks were distinctly, in so many words, declared to be an instrumentality of the Government. That is all right; that probably had something to do with the declaration of the Supreme Court that the Federal farm loan bank act was not unconstitutional. However, there was no provision such as this, as I remember, involved in the court's decision. If that provision worked in the case of the Federal farm loan act, why not use in this bill the same language that saved the constitutionality of the Federal farm loan act, instead of making the proposed Reconstruction Finance Corporation a depository of public funds?

It seems to me the only thing that can be accomplished by this particular section is to increase the amount of Federal funds that may be used in the activities of this corporation.

Mr. WALKOTT. I shall be glad to get a more definite reply for the Senator.



Mr. CONNALLY. Mr. President, may I suggest to the Senator, aside from the constitutional reasons, why is it not a good principle to have them a depository?

If the Government has surplus money, it is going to be either in the Treasury or in some depository. This corporation will have to pay interest on every dollar of money with which it does business. If the Government has surplus funds from which it is not deriving interest, why would it not be sound policy to put the deposits with this institution, and let it use that money?

Mr. WALCOTT. I should think it would be perfectly safe to give that authority to the Treasury Department.

Mr. NORRIS. Mr. President, I am not at the present time questioning the safety of it. I am trying to find out the real reason for it. To my mind, the suggestion made by the able Senator from Texas is no answer. We already have, by general law, provision for the payment of interest on public funds deposited in public depositories. If, instead of depositing the money in those depositories which must pay interest on the deposits, the Secretary of the Treasury could take it all out of those banks if he wanted to and deposit it with this institution—which is, after all, not a bank—

Mr. WALCOTT. Not at all.

Mr. NORRIS. It is not doing a banking business.

Mr. SHIPSTEAD. What is it, then?

Mr. WALCOTT. It is a lending corporation.

Mr. NORRIS. It is a corporation to lend money to banks and others that need it.

Mr. SHIPSTEAD. It is a discount bank, is it not?

Mr. NORRIS. I should not call it a bank by any means, and I do not think the Senator would call it a bank.

Let me finish with the comment on the suggestion of the Senator from Texas.

Under this section the Secretary of the Treasury is not obliged to require any interest for these deposits. He is given, it is true, the following authority. If I might read a little further, that will probably explain it:

Under such regulations as may be prescribed by said Secretary.

It may be that he would provide by regulation that interest should be paid on the deposits; but, after all, that would not put money in circulation. It is already in circulation. He would have to take it out of other depositories if he put it here.

It seems to me, therefore, we come back to the original proposition, that the only thing that would be accomplished by this section would be this—and in making this suggestion I am not even questioning the wisdom of it, but I want all the facts to be known; I want to understand them myself. It would give the Secretary authority to place in the hands of this corporation a large amount of money in addition to the \$2,000,000,000 that it is admitted they will have authority to handle.

Mr. WALCOTT. I think the Senator's contention is entirely sound, but that the main purpose of these words, given to the committee by the Federal reserve system, is to insure the constitutionality of this act.

Now I should like to offer an amendment which will clear up a matter on page 27. I have with it an opinion from the secretary of the Federal Reserve Board, which ought to go in the RECORD. I should like to have it inserted in the RECORD and read if the Senators care for it. It is rather long. It is for the exclusion of a special amendment to the Federal reserve act in order to make these bonds ineligible for rediscount but eligible for purchase by the Treasury Department, on the theory that if we do not say anything about it, but simply state the facts in this bill, inasmuch as it does not concern the Federal reserve law, there is no object gained by amending the Federal reserve law to provide specifically for making this type of bonds purchasable by the Treasury Department.

The PRESIDENT pro tempore. The amendment to the amendment will be read for the information of the Senate, and the statement referred to by the Senator will be printed in the RECORD.

The CHIEF CLERK. On page 27, strike out lines 20 to 25; on page 28, strike out lines 1 to 25, inclusive; and on page 29, strike out lines 1, 2, and 3.

Mr. LA FOLLETTE. Mr. President, may I inquire whether this is a committee amendment, or an amendment offered by the Senator from Connecticut on his own responsibility?

Mr. WALCOTT. At the suggestion of the Senator from Virginia [Mr. GLASS] I think possibly we had better let the matter go over until to-morrow, until we have had further opportunity to study the opinion that has come from the Federal Reserve Board.

Mr. SMOOT. Has it been printed?

Mr. LA FOLLETTE. I was merely interested to know, because ordinarily committee amendments would be considered before individual amendments. I was interested to know whether this was a committee amendment.

The PRESIDENT pro tempore. There is but one committee amendment, and that is the complete bill as reported to the Senate, in the nature of a substitute.

Mr. GLASS. Mr. President, I suggested that it go over in order, if the committee agree, that it may be made a committee amendment; but I do not think the committee is going to agree. At best, as it seems to me, taking the view of the expert draftsman for the committee, the provisions as presented are perfectly harmless. In the view of some of us, they are very desirable.

The PRESIDENT pro tempore. Then the amendment will follow the regular order, and will be printed and lie on the table, and may be called up by its author at any time; and meantime the statement accompanying the amendment, as presented by the Senator from Connecticut, will be printed in the RECORD.

Mr. BLAINE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. Just a moment. Mr. President, I think I have a right to withdraw the amendment for the time being; have I not?

The PRESIDENT pro tempore. The Senator has.

Mr. WALCOTT. I will withdraw the amendment and the statement accompanying it.

The PRESIDENT pro tempore. The amendment and the statement are withdrawn.

Mr. MCKELLAR. Why not let it be printed?

Mr. WALCOTT. Let it be printed and lie on the table.

The PRESIDENT pro tempore. Very well, then; the order will be made that the amendment will be printed and lie on the table, and the statement will be printed in the RECORD, as originally offered by the Senator.

The statement is as follows:

The Senate committee has stricken out the last sentence of section 9, on page 9, which relates to powers of Federal reserve banks and has substituted therefor three paragraphs which respectively would amend section 13, section 13a and section 14f of the Federal reserve act. The first two of these paragraphs would add language to the existing provisions of sections 13 and 13a of the Federal reserve act to provide that no "reconstruction bonds" shall be eligible as a basis for the issuance of Federal reserve notes.

Under the provisions of the Federal reserve act no collateral may be used as a basis for the issuance of Federal reserve notes except when specifically so stated. Section 16 of the Federal reserve act provides that the collateral security offered as a basis for the issuance of Federal reserve notes shall be "notes, drafts, bills of exchange or acceptances acquired under the provisions of section 13 of this act or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of section 14, or gold or gold certificates." Section 13a provides that within specified limitations certain "notes, drafts, and bills of exchange issued or drawn for an agricultural purpose, or based upon livestock" may be offered as collateral security for the issuance of Federal reserve notes.

Thus, it is clear that unless the Federal reserve act were amended so as expressly to provide that "reconstruction bonds" shall be eligible as a basis for the issuance of Federal reserve notes they can not be tendered for that purpose. Consequently, an amendment to either section 13 or section 13a providing that they shall not be eligible, when the provisions of sections 13, 13a, and 16 have not been otherwise enlarged to include these bonds, would be unnecessary, and would be confusing to one who examined the provisions of the Federal reserve act without an intimate



knowledge of the history of the Senate committee amendments to this bill.

Since the obligations of the Reconstruction Finance Corporation would not be bonds or notes of the United States, even though the United States guaranteed them and clearly would be obligated for their payment, they would not be eligible, under the Federal reserve act, as a basis for the issuance of Federal reserve notes.

Mr. BLAINE. Mr. President, in this connection I desire to make an inquiry of the chairman of the subcommittee, the Senator from Connecticut.

The Senator will recall that before the committee, when the committee had this bill under consideration day before yesterday, it was stated that a very important letter had been written by the Secretary of the Treasury, but that letter had not been received and would not be received until yesterday morning, when I assumed it would be made available to the members of the committee. Can the Senator advise me whether or not that letter has been received?

Mr. WALCOTT. I have the letter here. Does the Senator wish to look at it?

Mr. BLAINE. Would the Senator mind informing the Senate of the contents of the letter by reading it?

Mr. WALCOTT. I am not sure which one it is. Two or three letters have been received. A letter signed by Mr. Mellon, Secretary of the Treasury, dated January 5, I think should be inserted in the RECORD as pertaining particularly to this question.

Mr. WALSH of Montana. Mr. President, may it not be read from the desk?

Mr. WALCOTT. I am suggesting that.

The PRESIDENT pro tempore. Without objection, the letter will be read.

The Chief Clerk read as follows:

THE SECRETARY OF THE TREASURY,  
Washington, January 5, 1932.

MY DEAR SENATOR WALCOTT: I understand that the suggestion has been made that provision for relief of depositors in closed banks should be incorporated in the bill creating the "Reconstruction Finance Corporation" and that the subcommittee, of which you are chairman, desires the opinion of this department as to the advisability of doing so.

The Reconstruction Finance Corporation bill as originally conceived and drafted was intended to create an instrumentality through which assistance could be given to going concerns and through which the general credit structure might be supported by making available the means for bringing immediate relief at any threatened point, the general idea being that the mere existence of this powerful instrument with ample resources would serve to restore confidence, which is the element most needed to reverse the present depressing and deflationary factors. I do not believe that the main purpose of the proposed measure would be furthered by the proposed amendment. In fact, it would in all probability be weakened, for the problem of extending needed credit to going concerns is very different from bringing relief to depositors in banks that are being liquidated. This department has viewed them as separate and distinct problems. We have felt that the second and very important problem could more properly and adequately be dealt with through a separate measure, and I understand that bills have already been prepared and others are in course of preparation. While recognizing, therefore, the desirability of some action looking to the relief of depositors in closed banks, I do not feel that there is anything to be gained by confusing the two programs and by incorporating in a carefully thought-out plan intended to attain a definite objective a hastily improvised measure for taking care of a totally different situation.

Relief for depositors in closed banks is by no means a simple problem, particularly if it is intended to include all State non-member banks that are being liquidated under 48 different laws which vary very greatly. More time is needed for adequate consideration of this problem, and I feel that the public interest will be better served by further study rather than hasty action at this time.

Sincerely yours,

A. W. MELLON,  
Secretary of the Treasury.

Hon. FREDERIC C. WALCOTT,  
United States Senate.

Mr. BULKLEY, Mr. COSTIGAN, and Mr. LEWIS addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Connecticut yield?

Mr. WALCOTT. To the Senator from Ohio.

Mr. BULKLEY. Mr. President, referring to the question asked a few moments ago by the Senator from Georgia about section 6, which provides for an amendment to section 5202

of the Revised Statutes, I am not sure that the intent of that section was made clear.

I now have before me section 5202, which reads as follows:

No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

There follow several exceptions, the material one here being the sixth:

Liabilities incurred under the provisions of the War Finance Corporation act.

That is to say that liabilities incurred by borrowing from the War Finance Corporation are excepted from the limitation provided in section 5202 against a bank borrowing more than the amount of its unimpaired capital stock. The effect of this amendment is to strike out "War Finance Corporation act," that being now obsolete, and substitute "Reconstruction Finance Corporation act," so as to give to the borrowing from this corporation the same exception that was allowed in favor of borrowings from the War Finance Corporation.

Mr. WALCOTT. I thank the Senator for his explanation. I now yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, I rose to inquire whether the committee shares the judgment of the Secretary of the Treasury with respect to closed banks being included within the provisions of this bill?

Mr. WALCOTT. It does; and, as explained while the Senator was absent, earlier in the afternoon—he will find it quite fully in the RECORD—

Mr. BROOKHART. Mr. President—

Mr. WALCOTT. Let me answer the question, please. Does the Senator from Iowa wish to ask a question now?

Mr. BROOKHART. I wish to ask a question in reference to the same proposition inquired about by the Senator from Colorado.

Mr. WALCOTT. I will try to explain.

The bill provides that banks that are solvent, although closed and although possibly in the hands of receivers, may be opened if, in the opinion of the director of the corporation, the free assets will warrant some such relief as will really open the banks. It is quite broad. It is the belief of the committee that the bill provides for the opening up, by reasonable advances on adequate collateral, of a good many banks which are called marginal banks, which are on the verge of solvency, but whose doors are still closed.

Mr. COSTIGAN. Was I mistaken in assuming that the Secretary of the Treasury did not favor the inclusion of closed banks?

Mr. WALCOTT. I am stating what the bill does include, in our opinion. The Under Secretary of the Treasury was with us during practically all of the hearing and agreed with all of our deliberations and approved the bill. He wants the bill to take care of all banks which are pretty nearly solvent, provided on temporary reorganization or discharge of a receiver and the production of some free collateral they can be opened. But the great body of depositors, it is agreed, will have to be taken care of by another bill, because the legislative requirements are large. There are all sorts of complicated laws governing the action of a receiver, which differ from one State to another. It may even take an extra session of a State legislature to give proper authority to the banking department of a State in order to make it possible to borrow on receivers' certificates.

Mr. NORRIS. Mr. President, I am interested in what the Senator has just said in regard to another bill to take care of depositors in the banks he has mentioned. Is it in contemplation that the committee is going to report another bill which will take care of the depositors in all closed banks?

Mr. WALCOTT. Of course, Mr. President, it is obvious that some banks are in such shape that the depositors' money has been actually lost. It is not contemplated that this corporation, or the Federal Government, will make good lost deposits.



Mr. NORRIS. I am not speaking of this bill; but the Senator, as well as the Secretary of the Treasury, said that further thought and consideration were necessary.

Mr. WALCOTT. To protect them and save them as far as possible; but I do not imagine that the Secretary of the Treasury or anyone else is contemplating giving cash in place of cash that has actually been lost or destroyed, through unwise investment, but that if a bank, for instance, that has been closed, and is in the hands of a receiver, can furnish receiver's certificates and enough assets to warrant, let us say, 25 or 30 or 40 or 50 per cent advances against those assets, that money might conceivably be paid out, either by the receiver or by the Federal authority lending the money, to the depositors.

Mr. NORRIS. Could not that be done under this bill?

Mr. WALCOTT. There are a great many States which do not allow borrowing on assets in the hands of a receiver; that is, they would have to have legislative action, probably, in several States before a receiver could borrow on the assets which were available.

Mr. NORRIS. I understand that, and I may be wrong, but my idea is that the very case the Senator puts could be taken care of under this particular bill we now have before us. Could it not?

Mr. WALCOTT. It is my impression that it can be, provided we can deal with a reorganized bank that is somewhere near solvency.

Mr. NORRIS. That, of course, is assumed.

Mr. WALCOTT. This is the crux of the matter. If a bank has free collateral, it can come to this corporation and borrow on that, and if, in the opinion of the directors, that collateral is adequate the bank will get the money.

Mr. NORRIS. Yes.

Mr. WALCOTT. That money could be and should be, perhaps, turned over to the depositors. Does that answer the Senator's question?

Mr. NORRIS. I think so. It does not give me much of an idea, however, of the intent of the next bill to be reported. Probably we ought to go on the theory that sufficient unto the day is the evil thereof.

Mr. WALCOTT. That bill has not been drawn, and it is going to be difficult to draw it.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. BARKLEY. With reference to the question raised a while ago by the Senator from Nebraska, I have here a copy of the farm loan act, and, with the permission of the Senator in charge of the bill, I should like to read the provision of the farm loan act which is similar to the provision in this bill making this corporation a public depository. Section 6 of the farm loan act provides:

SEC. 6. That all Federal land banks and joint-stock land banks organized under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public money and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the Federal land banks and joint-stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents of the Government. No Government funds deposited under the provisions of this section shall be invested in mortgage loans or farm-loan bonds.

That is practically the same provision contained in the pending bill, differing only with respect to the different organizations.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. WALCOTT. I yield.

Mr. COUZENS. I want to point out what seems to be a divergence of opinion as to what the Committee on Banking and Currency intended with respect to closed banks. The Senator from Connecticut said a while ago that the committee was in accord with the views of the Secretary of the Treasury as stated in the letter just read before the Senate.

I do not think the committee is in accord with those views. Otherwise, why did the committee insert as an amendment, during the consideration of the bill by the committee, as appears on page 21, line 5, the following language, "including any closed bank whose assets are adequate to permit of restoration to solvency"? That language in itself wholly disagrees with the substance of the letter from the Secretary of the Treasury just read.

Mr. WALCOTT. Mr. President, I did not intend to imply that the committee agreed with any recommendation of the Secretary or anybody else, other than is shown by the language of the bill. Referring to what the Senator has said as to the contention of the Secretary of the Treasury that banks that are wholly insolvent should be treated by another bill—

Mr. COUZENS. The Secretary's letter does not state that. The Secretary's letter refers only to closed banks. The Secretary's letter questions the desirability of placing in this bill any provision for the opening of closed banks. It deals with closed banks with one sweep, while the committee, in its deliberations on the bill after the bill came from the subcommittee, specifically inserted a provision that where a bank was closed because of slow assets, or what are generally referred to as frozen assets, it might be opened if the assets were sufficient to warrant the bank being declared solvent. I think there is a clear distinction there, and, so far as I am concerned, I would be vigorously opposed to this bill if that situation had not been provided for.

Mr. WALCOTT. Mr. President, I thank the Senator for correcting the impression I gave. This bill stands on its own merits, and the language of the bill is the language of the committee. If the Secretary of the Treasury does not agree with the language of this bill, the bill will stand just the same, unless it shall be changed by the Senate.

Mr. BROOKHART. Mr. President, will the Senator yield to me?

Mr. WALCOTT. I yield.

Mr. BROOKHART. With reference to this proposition, the Senator from Michigan is right as to the consideration of the full committee; but in the subcommittee, the chairman of the committee will remember, some of us were strongly in favor of taking care of all the closed banks. Finally some yielded their opinion on the promise of the Under Secretary of the Treasury that a new bill would be brought in which would adequately provide for that proposition.

I myself was not one who was willing to yield even upon that assurance. I think the most important part of this relief should go to the depositors of the closed banks which will not be reopened. They are the ones which need relief the most. I do not mean by that that they should be guaranteed their deposits, but if we are going into the money-lending business by the Government they should have a loan on all assets which are good. I myself all the time strongly stood for that, regardless of the assurance of a new bill. I can not get the idea of this new bill. Are we going to have a new board and a new commission to handle this matter, and a new set-up? As to all this talk about it being difficult of administration I do not see any more difficulty in handling that kind of a proposition than in handling one of these banks to be reopened. In fact, it is not as particular a job as the reopening of a bank. A simple amendment which would include loans to receivers or to liquidators of banks, giving this corporation the power to make such loans, would be all that would be necessary to meet the situation, instead of postponing it, as the Secretary of the Treasury wants to do, for some other bill, which may meet the situation and may not.

Mr. WAGNER. Mr. President—

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Connecticut yield to the Senator from New York?

Mr. WALCOTT. I yield.

Mr. WAGNER. I merely desired to say, in regard to what the Senator from Michigan has stated as to what took place



in the full committee meeting, that the intent of the committee in inserting the language which appears in the proposed act undoubtedly was to give authority to this corporation to advance money upon adequate security to closed banks which had not definitely decided to go into final liquidation. In other words, so long as there was a hope of reopening, we intended to give the authority to this corporation to advance money for such reorganization.

Mr. WALSH of Montana. Mr. President, will the Senator from Connecticut yield to me?

Mr. WALCOTT. I yield.

Mr. WALSH of Montana. I inquire of the Senator from Connecticut whether the bill provides for any geographical limitation. Is the country divided into districts, or is the board authorized to lend anywhere?

Mr. WALCOTT. There is no geographical limitation.

Mr. WALSH of Montana. Then, if the Senator will pardon me, I desire to remark that we can not fail to take notice of the very widespread conviction that the banks of the city of New York are loaded up with securities, stocks and bonds, which they accepted as collateral to loans made in the time of great inflation, and there is an apprehension that an undue portion of this great fund may be utilized for the purpose of helping out those banks, and that the remainder of the country will get very little benefit from it.

We were assured by the officers of the banks who came here some time ago—and it was a very comforting assurance—that none of those banks are in need of aid; at least, that none belonging to the clearing-house association are.

The occasion reminds me of a time some 20 years ago when the banks of the country were in rather troubled condition, and the President of the United States took unto himself considerable credit for having averted a panic by having sold Panama Canal bonds and deposited the proceeds in the banks of the South and West, where the funds could be utilized for the movement of crops.

That gave rise to an interesting discussion in the Senate at the time, participated in by our esteemed friend the junior Senator from Oklahoma [Mr. GORE], who made a speech under date of May 30, 1908, from which I quote as follows:

But, sir, the President says that he indorsed the proposed issue and that the proceeds should be placed where most needed, especially in the South and West, where the crops were being moved. Of the \$25,000,000 of Panama bonds, where were the proceeds deposited? Six million eight hundred thousand dollars, more than one-fourth, were deposited in that "Southern State" of New York. More than three and a quarter million dollars were deposited in the "Western State" of Pennsylvania. It is said that the late distinguished Senator from Massachusetts, Mr. Hoar, whose demise subtracted vastly from the intelligence and patriotism and glory of this body, was asked on one occasion if he had ever been West, and it is said that he replied that he had—that he had visited Pittsburgh. Perhaps it was the same sense of geography and of latitude and longitude which inspired the conduct of the Secretary of the Treasury.

More than a million and a half was deposited in Ohio, nearly half a million in the State of Illinois, and half of the proceeds of the Panama bond issue were deposited in the four "Southern and Western States," where the crops were moving—New York, Pennsylvania, Ohio, and Illinois—and a mere trifle was deposited in Oklahoma, which had at that time hardly been discovered, and in the great State of Texas, which produces one-third of the cotton crop of the entire earth.

I wonder if the Senator from Connecticut can give us any sort of assurance that any part of this fund will go "out West"? [Laughter.]

Mr. NORRIS. Mr. President, let me suggest to the Senator, since he has referred to Pittsburgh as being West, that the Senator will run no risk whatever, because undoubtedly some of it will go as far west as Pittsburgh.

Mr. WALCOTT. I thank the Senator from Nebraska for his suggestion, but I am willing to go farther and say that if the first board does not go away beyond Pittsburgh and as far as the Pacific coast with some of its funds, we should discharge the board and get another.

Mr. BROOKHART. Mr. President, I would like to ask the Senator if he does not divorce his proposition entirely from the Federal reserve system? The Federal reserve system has nothing to do with it, and the securities will not be rediscounted.

Mr. WALCOTT. That is the intent.

Mr. BROOKHART. That is the intent, but still the bill leaves the governor of the Federal Reserve Board as a member of the board.

Mr. WALCOTT. Only ex officio.

Mr. BROOKHART. If he is a member of the board, that is pretty good assurance that the big New York banks will be taken care of and little of the fund will go out west.

Mr. WALCOTT. Mr. President, if there are no further questions—

Mr. BLAINE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. WALCOTT. I yield.

Mr. BLAINE. I want to invite the attention of the Senator from Michigan to the language on page 19:

No director of the corporation shall, directly or indirectly, or through any other corporation or otherwise, be the beneficiary of any loan made under this act.

Is it assumed that if one of the directors of the corporation is a stockholder in some institution eligible to this loan, that institution shall not receive any assistance?

Mr. WALCOTT. That is the intent.

Mr. BLAINE. I am afraid the Senator's intent is not carried into the language of the bill.

Mr. WALCOTT. We were afraid we had made it so strict that we could not get anybody to serve.

Mr. BLAINE. The stockholder of a corporation might not be the beneficiary of a loan. I think there are repeated decisions to the effect that inhibitions of this kind do not go to the extent of excluding the stockholder, as the stockholder is not the beneficiary, but the corporation is the beneficiary. The stockholder may be remotely benefited, but he is not at all directly the beneficiary.

Mr. WALCOTT. It was the belief of the members of the committee when this matter was discussed that the stockholder was a beneficiary and that to qualify for membership on the board the appointee would have to sell his stock or bonds or securities if the corporation in which he had securities, whether bonds or stocks or notes or any other obligation, was or might be an applicant for a loan.

Mr. BLAINE. I have discovered the viewpoint of the Senator, but it does not seem to me, even though a corporation is the beneficiary of any advancement made under the terms of this bill, that a creditor would necessarily be a beneficiary, and a stockholder is as remotely removed from the benefits to the corporation as is a creditor of the corporation.

Mr. COUZENS. To carry out the intention of the committee, so far as I am concerned, I would be glad to have the lawyers and technicians of the Senate redraft the language so as to include all stockholders and all others, which was the intent of the committee when it inserted this language.

Mr. WALCOTT. That was the unanimous intent of the committee.

Mr. COUZENS. If the Senator from Wisconsin thinks the language not sufficiently adequate, let him change it and I think there will be no trouble in getting an agreement.

Mr. BLAINE. My attention has been called to the language because of the charge made that Mr. Mellon is disqualified to hold the office of Secretary of the Treasury. I am not sufficiently interested in the bill to concern myself very much regarding these amendments, but I thought that the question ought to be raised; and that if it is the intention of the Senate to apply the inhibition to the stockholder, the Senate would want to make such a provision.

Mr. GLASS. Mr. President, I may say to the Senator that the language in the bill has been regarded as so exclusive by, may I say, the administration as that the suggestion has been made that we alter the language so as to permit a stockholder in a company to be made a member of the board of directors. It seems to me it is severely exclusive, but God only knows what the English language means when it gets into the hands of you lawyers! [Laughter.]

Mr. BLAINE. May I suggest to the Senator from Virginia that the courts have the last say on these propositions?



Mr. COUZENS. But they are lawyers! [Laughter.]

Mr. SHIPSTEAD. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Minnesota?

Mr. WALCOTT. I yield.

Mr. SHIPSTEAD. I want to ask the Senator to explain why this bill gives broad general powers to the corporations. A great many things may be done by the officials of the corporation within these broad general powers. Very often when it comes to the interpretation of what they can or can not do or will or will not do, resort is had to the CONGRESSIONAL RECORD to find out what was the specific intent of Congress.

There is one thing in this country that has had a great deal to do with the closing of a great many banks. I have had complaints from very many States that examiners of national and State banks have favored commercial paper, stocks and bonds and all character of commercial paper, not only foreign bonds but also domestic corporation and other bonds; that they have discriminated against, in fact almost excommunicated, farm paper from these banks. Now, we find that the best possible securities in the banks are farm mortgages, and banks are going broke in many instances because of the amount of corporate bonds and stocks carried. In giving aid to these institutions would it be well to make it plain that the intention of Congress is that no such discrimination shall be made against banks holding agricultural paper, bearing in mind that there were floated by the bankers of this country in the last 10 years \$70,000,000,000 of new stock and bond issues; that it is not only foreign bonds that are in the banks that are excluded in this bill but also the domestic stocks and bonds that have very doubtful value?

It is not the intention and should not be the intention of Congress to give relief through the administration of this measure by giving preference to banks that have been loaded up with all of these "cat and dog" stocks and bonds to the elimination of agricultural paper. It should be the intention to go into an agricultural community and help the small independent banker who may need aid and who carries agricultural securities.

Mr. WALCOTT. The answer to that is, of course, that the men who are going to operate this enormous corporation must be men of standing, of integrity, of great ability and experience as bankers. If they discriminate unjustly or unwisely in the matter of accepting collateral that is not adequate or that tends toward class legislation, they will have to be replaced. We can not insure or state in advance who will operate this corporation, but it is so large and it is so important and the emergency is so great that we must find the best talent in the United States to operate it, and trust that talent.

Mr. SHIPSTEAD. That is what gives me concern, if the Senator will permit me, because some of the people who will be officials of this corporation were making statements in 1929 that the stocks and bonds selling at that time were not too high, but that they only reflected the permanent fundamentally strong prosperity of the country. As a result people lost millions of dollars because they had faith in the ability and integrity of some of those who will be officials of this corporation. That is why I wanted the opinion of the Senator as to why the Congress should not make it plain that any discrimination in favor of corporate bonds and stocks should not be carried out in the administration of the bill as it is in the administration of the national and State bank acts.

Mr. WALCOTT. I may remind the Senator from Minnesota that the appointments by the President, consisting of four directors, have to be confirmed by the Senate, so we shall have something to say about it.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Illinois?

Mr. WALCOTT. I yield now to the Senator from Illinois.

Mr. LEWIS. I thought the Senator had announced that he yielded the floor.

Mr. WALCOTT. I am glad to say to the Senator from Illinois that I will yield the floor at this time.

The PRESIDENT pro tempore. The Senator from Illinois is recognized.

Mr. WHEELER. Mr. President, I would like to ask the Senator from Connecticut a question before he yields the floor.

Mr. WALCOTT. I have yielded the floor.

The PRESIDENT pro tempore. The Senator from Illinois has the floor. Does he yield for the purpose of enabling the Senator from Montana to propound a question to the Senator from Connecticut?

Mr. LEWIS. I yield for that purpose.

Mr. WHEELER. The question I am about to ask may have been answered, but, if so, it was done when I had been called out of the Chamber. I was curious to know why it was that the committee did not specify in the bill the amount of interest that should be charged.

Mr. WALCOTT. I tried to explain that question quite fully in the Senator's absence.

Mr. WHEELER. If the Senator has already explained it, I will not ask him to do so again but will read his explanation in the RECORD. There is, however, one other question I should like to ask. Why was it that the bill accepts securities of the Dominion of Canada? Has the Senator also answered that question?

Mr. WALCOTT. That question has not been raised. The bill provides that securities of the Dominion of Canada may be accepted because of Canada's geographical propinquity as much as anything else; and further, because Canada, in a way, is a sister republic; we believe in her integrity and in her securities and we are dealing with her every business hour of the day.

Mr. WHEELER. The same thing might be said of many republics on the American Continent. I see no reason why we should accept Canadian securities and not accept the securities of other countries. It seems to me, as a matter of fact, that we should not accept foreign securities of any kind or character. I think, as a matter of fact, if we exempt Canada from the provisions of the act, it is a reflection upon other countries with which we are doing business.

Mr. COSTIGAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Colorado?

Mr. LEWIS. If the Senator from Colorado desires to address an inquiry to the chairman of the subcommittee, I yield.

Mr. COSTIGAN. I wish to make an inquiry.

Mr. LEWIS. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, before the courteous Senator from Connecticut concludes, I wish to ask whether there would be objection on his part to an amendment of the last sentence of the first paragraph on page 19 so as to provide that no pecuniary advantage shall accrue either to directors or to members of the directors' families. The United States Tariff Commission some years ago found that it did not suffice to object to personal profit in the case of members of the commission; and the Congress finally included an item in successive appropriation acts condemning pecuniary interest in the outcome of proceedings before the commission, whether on the part of members of the commission or their families.

Mr. WALCOTT. We tried to cover that as explicitly as it was possible. If the Senator will refer to the top of page 19 he will find there a provision which reads in this way:

No director of the corporation shall directly or indirectly, or through any other corporation, or otherwise, be the beneficiary of any loan made under this act.

Does that answer the Senator's question?

Mr. COSTIGAN. The language referred to by the Senator from Connecticut does not appear to me to reach some of the difficulties expressed this afternoon. If the act operates as intended by its authors, it is to be assumed that we shall all be beneficiaries; therefore a provision that a director shall not be an indirect beneficiary of the act suggests that courts must put a different construction on the lan-



guage than that which the chairman of the committee obviously intends. I therefore suggest that the language be more carefully drafted before the bill is finally passed.

Mr. LEWIS. Mr. President, I tender an amendment which I ask to have read, printed, and lie on the table, and at an available and appropriate moment I purpose addressing the Senate upon it.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the amendment intended to be proposed by the Senator from Illinois [Mr. LEWIS] was ordered to lie on the table and to be read.

The CHIEF CLERK. At the appropriate place it is proposed to insert a new section, as follows:

SEC. 18. It is hereby authorized to any court of equity jurisdiction of the United States or of any State of the United States, to order continuance or suspend any action seeking judgment and levy and execution; or to restrain, enjoin, or forbid any judgment and execution or foreclosure or sale or dispossession or ejectment from premises, as to all or any person or company, corporation, or association that could by this act be within its benefits, its provisions, or by construction directly or indirectly; could be the beneficiary of any provisions or privileges granted by this measure. That such court acting may grant relief as herein provided for such time as the circumstances and conditions shown before the court warrant for the exercise of equity.

Mr. BROOKHART. I desire to offer two amendments to be printed and lie on the table. On page 17, line 18, I desire to move to strike out the words "The governor of the Federal Reserve Board" and insert in lieu thereof the words "chairman of the Interstate Commerce Commission."

On page 21, in line 5, I desire also to strike out the words "whose assets are adequate to permit of restoration to solvency."

The PRESIDENT pro tempore. The amendments intended to be proposed by the Senator from Iowa will be printed and lie on the table.

Mr. BLAINE. Mr. President, while we are discussing some minor matters, I want to call the attention of the chairman of the committee to section 16a, on page 33 in the penal provisions. We find in that section this language:

Whoever makes any statement knowing it to be false, \* \* \* shall be punished by a fine of not more than \$5,000 or by imprisonment—

And so forth.

Surely that is not the purpose intended by the committee. The language is so broad that anyone who made any statement, for instance, a slanderous statement, against the proposed corporation would be subject to a fine and penalty. I assume that was intended to mean whoever makes any statement knowing it to be false in regard to any financial transaction with the corporation.

Mr. GLASS. It says "for the purpose of obtaining for himself or for any applicant any loan."

Mr. WALCOTT. I thank the Senator from Virginia. It says, "for the purpose of obtaining for himself or for any applicant any loan, or extension thereof," and so forth. Is not that adequate?

Mr. BLAINE. But the language does not bear out that construction. It says:

Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security—

And so forth.

The first provision, "Whoever makes any statement knowing it to be false," has no reference whatever to the language "whoever willfully overvalues any security."

Mr. GLASS. It comprehends it; it means for the purpose of obtaining a loan.

Mr. WALCOTT. Yes; it says for the purpose of obtaining any loan or extension thereof or the acceptance, release, or substitution of security therefor, and finally, "for the purpose of influencing in any way the action of the corporation."

Mr. BLAINE. That would be very well if it were not for the language "or whoever willfully overvalues any security," and so forth, intervening between the original paragraph and the condition.

Mr. WALCOTT. I should like to ask the Senator if he would be satisfied if, in line 15, we strike out—

Mr. BLAINE. I am not particularly dissatisfied. I merely think the language is awkward and ought to be corrected in the interest of accuracy of legal construction.

Mr. WALCOTT. Suppose we strike out the comma in line 15 and the word "or."

Mr. BLAINE. I was suggesting that it should read, "Whoever makes any statement, knowing it to be false in any financial transaction with the corporation or whoever willfully overvalues," and so forth. Then we would have definite and proper language.

Mr. WALCOTT. I think that would be satisfactory.

Mr. LA FOLLETTE. I desire to offer an amendment and ask to have it read, printed, and lie on the table.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the amendment was ordered to lie on the table and to be read.

The CHIEF CLERK. On page 23, line 15, before the period, it is proposed to insert a colon and the following:

*Provided further,* That the corporation shall not make any such acceptances growing out of transactions involving the sale or shipment of armaments, munitions, or other war materials, or the sale or shipment into countries which are at war of any merchandise or commodities except food and supplies for the actual use of non-combatants.

Mr. LA FOLLETTE. I offer another amendment, which I would like to have read, printed, and lie on the table.

The PRESIDENT pro tempore. It will be so ordered. The amendment will be read.

The CHIEF CLERK. On page 21, line 1, it is proposed to strike out the words "or other bona fide financial institution."

Mr. McNARY. I desire to ask the Senator from Connecticut if he desires to proceed further with the measure tonight?

Mr. WALCOTT. I am entirely willing to stop now.

#### EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded with the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. VANDENBERG in the chair) laid before the Senate messages from the President of the United States transmitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. Reports of committees are in order.

#### REPORTS OF POST-OFFICE NOMINATIONS

Mr. MOSES. From the Committee on Post Offices and Post Roads I report sundry nominations for the calendar.

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

#### TREATIES

The Chief Clerk announced Executive E, Seventy-first Congress, third session, an international convention relating to the treatment of prisoners of war, signed at Geneva July 27, 1929, as first in order on the calendar.

Mr. MOSES. Mr. President, in the absence of the chairman of the Committee on Foreign Relations, I ask that both treaties on the calendar may go over.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of W. Roderick Dorsey to be consul general.

The PRESIDING OFFICER. The question is on confirming the nomination just read. [Putting the question.] The nomination is confirmed.

The Chief Clerk read the nomination of Emil Sauer to be consul general.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.



The Chief Clerk read the nomination of Stephen E. Aguirre to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

The Chief Clerk read the nomination of Overton G. Ellis to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

#### THE JUDICIARY

The Chief Clerk read the nomination of Leroy M. Sullivan, of Alaska, to be United States attorney, district of Alaska, division No. 2.

The PRESIDING OFFICER. The question is on confirming the nomination. [Putting the question.] The nomination is confirmed.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry post-office nominations.

Mr. MOSES. I ask that all post-office nominations on the calendar may be confirmed en bloc, with the exception of Calendar No. 58, which I ask to have recommitted to the Committee on Post Offices and Post Roads, and Calendar No. 294, which I ask may go over.

The PRESIDING OFFICER. Is there objection?

Mr. BARKLEY. Mr. President, just a moment. I should like to look at the list before the nominations are confirmed en bloc.

Mr. MOSES. I will say to the Senator from Kentucky that, so far as I know in my capacity as acting chairman of the committee, the nominations have all been passed upon by the Senators from the respective States.

Mr. BARKLEY. It will take me but a moment to look at the list.

Mr. MOSES. There are no nominations from Kentucky.

Mr. BARKLEY. I have no objection.

Mr. MOSES. Very well.

The PRESIDING OFFICER. Without objection, the request of the Senator from New Hampshire is granted and the post-office nominations are confirmed en bloc, with the exception of Calendar No. 58, which is recommitted to the committee, and Calendar No. 294, which goes over. That completes the calendar.

Mr. McNARY obtained the floor.

#### TREATY TREATMENT OF PRISONERS OF WAR

Mr. BORAH. Mr. President—

Mr. McNARY. I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I inquire if the two treaties on the calendar have been disposed of?

The PRESIDING OFFICER. They were temporarily laid aside.

Mr. BORAH. It will take but a moment, I think, to dispose of them.

The PRESIDING OFFICER. Is there objection to recurring to the treaties? The Chair hears none, and lays before the Senate the first treaty on the calendar.

The Senate, as in Committee of the Whole, proceeded to consider the treaty, Executive E, Seventy-first Congress, third session, an international convention relating to the treatment of prisoners of war signed at Geneva July 27, 1929, which was read as follows:

#### To the Senate:

With a view to receiving the advice and consent of the Senate to ratification I transmit herewith a certified copy of an international convention, with an English translation thereof, relating to the treatment of prisoners of war, signed at Geneva, on July 27, 1929, by the respective plenipotentiaries of the United States of America and 45 other countries represented at an international conference held at the call of the Swiss Government for the purposes of revising the Geneva convention of 1906 for the amelioration of the condition of the wounded and sick of armies in the field and of

formulating a code relating to the treatment of prisoners of war. The convention submitted is intended to supplement and extend the regulations annexed to The Hague convention of 1907 relating to the laws and customs of war on land in the light of the experiences gained in the World War.

The convention has received the approval of the Secretary of State, the Secretary of War, and the Secretary of the Navy, all of whom have recommended its transmission to the Senate, as appears in the accompanying report of the Secretary of State.

HERBERT HOOVER.

THE WHITE HOUSE, December 15, 1930.

#### The President:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification of the convention, if his judgment approve thereof, a certified copy of an international convention, with an English translation thereof, relating to the treatment of prisoners of war, signed at Geneva on July 27, 1929, by the respective plenipotentiaries of the United States of America and forty-five other countries represented at the international conference held at Geneva at the call of the Swiss Government for the twofold purpose of revising the Geneva convention of 1906 for the amelioration of the condition of the wounded and sick of armies in the field and of formulating a code relating to the treatment of prisoners of war.

The object of the convention submitted is to mitigate the hardships of prisoners of war by developing the principles which inspired the international conventions of The Hague, particularly the convention relative to the laws and customs of war on land and the regulations annexed thereto. The present convention is not intended to replace The Hague regulations, but it supplements and extends those regulations in the light of the experiences gained in the World War. Where two belligerents are bound both by The Hague regulations and by the present convention, the provisions of the latter are to prevail. The convention is not only applicable to persons belonging to the armed forces of belligerent parties captured by the enemy in the course of military operations on land, but its provisions are extended to include also persons belonging to the armed forces of belligerent parties captured by the enemy in the course of military operations at sea or in the air.

The delegates of the United States to the Geneva conference were ably assisted by experts of the United States Army and Navy, and the convention has the approval of the Secretary of War and of the Secretary of the Navy, both of whom have recommended its transmission to the Senate. In this approval and recommendation the undersigned joins.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,

Washington, December 12, 1930.

[Translation]

#### CONVENTION OF JULY 27, 1929, RELATIVE TO THE TREATMENT OF PRISONERS OF WAR

The President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the Republic of the United States of Brazil, His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, His Majesty the King of the Bulgarians, the President of the Republic of Chile, the President of the Republic of China, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Dominican Republic, His Majesty the King of Egypt, His Majesty the King of Spain, the President of the Republic of Estonia, the President of the Republic of Finland, the President of the French Republic, the President of the Hellenic Republic, His Serene Highness the Regent of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Latvia, Her Royal Highness the Grand Duchess of Luxemburg, the President of the



United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, His Imperial Majesty the Shah of Persia, the President of the Republic of Poland, the President of the Portuguese Republic, His Majesty the King of Rumania, His Majesty the King of the Serbs, Croats, and Slovenes, His Majesty the King of Siam, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Turkish Republic, the President of the Oriental Republic of Uruguay, [and] the President of the Republic of the United States of Venezuela,

recognizing that in the extreme case of a war, it will be the duty of every power to diminish, so far as possible, the unavoidable rigors thereof and to mitigate the fate of prisoners of war;

desirous of developing the principles which inspired the international conventions of The Hague, in particular the Convention relative to the laws and customs of war and the regulations annexed thereto;

have decided to conclude a Convention to that end, and have appointed the following as their plenipotentiaries, namely:

The President of the German Reich:

His Excellency Herr Edmund Rhomberg, Doctor of Law, Minister unassigned;

The President of the United States of America:

The Honorable Eliot Wadsworth, former Assistant Secretary of the Treasury,

His Excellency The Honorable Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Berne;

The Federal President of the Republic of Austria:

Herr Marc Leitmaier, Doctor of Law, Ministerial Counsellor at the Federal Chancellery, Department of Foreign Affairs;

His Majesty the King of the Belgians:

Mr. Paul Demolder, Surgeon General, Chief of the Medical Corps of the First Military District,  
M. Joseph de Ruelle, Juris-consult of the Ministry of Foreign Affairs;

The President of the Republic of Bolivia:

His Excellency Señor Alberto Cortadellas, Minister Resident of Bolivia at Berne;

The President of the Republic of the United States of Brazil:

His Excellency Sr. Raoul de Rio-Branco, Envoy Extraordinary and Minister Plenipotentiary of Brazil at Berne;

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the seas, Emperor of India:

For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:

The Right Honorable Sir Horace Rumbold,  
G. C. M. G., M. V. O., Ambassador of His British Majesty at Berlin;

For the Dominion of Canada:

Mr. Walter Alexander Riddell, Permanent Counsellor of the Canadian Government near the League of Nations;

For the Commonwealth of Australia:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Plenipotentiary of His Britannic Majesty at Berne;

For the Dominion of New Zealand:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

For the Union of South Africa:

Mr. Eric Hendrik Louw, High Commissioner of the Union of South Africa at London;

For the Irish Free State:

Mr. Sean Lester, Representative of the Irish Free State near the League of Nations;

For India:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

His Majesty the King of the Bulgarians:

M. Dimitri Mikoff, Chargé d'Affaires of Bulgaria at Berne, Permanent Representative of the Bulgarian Government near the League of Nations,  
M. Stéphane N. Laftchieff, Member of the Administrative Council of the Bulgarian Red Cross;

The President of the Republic of Chile:

Sr. Guillermo Novoa-Sepulveda, Colonel, Military Attaché at the Legation of Chile at Berlin,  
Sr. Dario Pulgar-Arriagada, Captain of the Medical Corps;

The President of the Republic of China:

Mr. Chi Yung Hsiao, Chargé d'Affaires ad interim of China at Berne;

The President of the Republic of Colombia:

His Excellency Sr. Francisco José de Urrutia, Envoy Extraordinary and Minister Plenipotentiary of Colombia at Berne;

The President of the Republic of Cuba:

His Excellency Sr. Carlos de Armenteros y de Cardenas, Envoy Extraordinary and Minister of Cuba at Berné,

Sr. Carlos Blanco y Sanchez, Secretary of Legation, attached to the Delegation of Cuba near the League of Nations;

His Majesty the King of Denmark and Iceland for Denmark:

His Excellency Mr. Harald de Scavenius, Chamberlain, Envoy Extraordinary and Minister Plenipotentiary of Denmark in Switzerland and in the Netherlands, and former minister of Foreign Affairs,

Mr. Gustave M. Rasmussen, Chargé d'Affaires ad interim of Denmark at Berne;

The President of the Dominican Republic:

Sr. Charles Ackermann, Consul of the Dominican Republic at Geneva;

His Majesty the King of Egypt:

M. Mohammed Abdel Moneim Riad, Avocat au Contentieux de l'Etat,<sup>1</sup> Professor of International Law at the Military School of Cairo,

M. Henri Wassif Simaika, Attaché of the Royal Legation of Egypt at Rome;

His Majesty the King of Spain:

His Excellency the King of Spain:

His Excellency the Marquis de la Torrehermosa, Envoy Extraordinary and Minister Plenipotentiary of Spain at Berne;

The President of the Republic of Estonia:

Mr. Hans Leesment, M. D., President of the Estonian Red Cross;

The President of the Republic of Finland:

Mr. A. E. Martola, Lieutenant-Colonel, Military Attaché near the Legation of Finland at Paris;

The President of the French Republic:

His Excellency M. Henri Chassain de Marcilly, Ambassador of France at Berne;

M. Jean Du Sault, Counsellor of the Embassy of France at Berne;

The President of the Hellenic Republic:

M. Raphael Raphael, Chargé d'Affaires ad interim of Greece at Berne,

M. Sophocle Venizelos, Lieutenant-Colonel, Military Attaché at the Legation of Greece at Paris;

His Serene Highness the Regent of Hungary:

His Excellency M. Paul de Hevesy, Minister Resident, Permanent Delegate of the Royal Government near the League of Nations;

His Majesty the King of Italy:

M. Giovanni Ciralo, Senator of the Kingdom;

<sup>1</sup> Counsellor of the State Legal Department.



His Majesty the Emperor of Japan:

His Excellency Mr. Isaburo Yoshida, Envoy Extraordinary and Minister Plenipotentiary of Japan at Berne,

Mr. Sadamu Shimomura, Lieutenant-Colonel,

Mr. Seizo Miura, Commander, Naval Attaché at the Embassy of Japan at Paris;

The President of the Republic of Latvia:

His Excellency Mr. Charles Duzmans, Envoy Extraordinary and Minister Plenipotentiary of Latvia near His Majesty the King of the Serbs, Croats, and Slovenes, Permanent Delegate near the League of Nations,

His Excellency Mr. Oskar Voit, Envoy Extraordinary and Minister Plenipotentiary of Latvia in Switzerland, in Hungary, and in the Netherlands;

Her Royal Highness the Grand Duchess of Luxemburg:

M. Charles Vermaire, Consul of the Grand Duchy at Geneva;

The President of the United States of Mexico:

His Excellency Sr. Francisco Castillo Najera, Surgeon General, Envoy Extraordinary and Minister Plenipotentiary of Mexico at Brussels;

The President of the Republic of Nicaragua:

Sr. Antoine Sottile, Doctor of Law, Permanent Delegate of Nicaragua near the League of Nations;

His Majesty the King of Norway:

His Excellency Mr. Johannes Irgens, Envoy Extraordinary and Minister Plenipotentiary of Norway at Berne, Rome, and Athens,

Mr. Jens Christian Meinich, Infantry Commander, Secretary General of the Norwegian Red Cross;

Her Majesty the Queen of the Netherlands:

His Excellency Mr. Willem Isaac Doude van Troostwijk, Envoy Extraordinary and Minister Plenipotentiary of the Netherlands at Berne,

Mr. Johan Carl Diehl, Surgeon General of the Medical Corps of the Army, Vice President of the Netherlands Red Cross,

Mr. Jacob Harberts, Major in the General Staff, Professor at the War Academy;

His Imperial Majesty the Shah of Persia:

His Excellency M. Anouchirevan Khan Sepahbodi, Envoy Extraordinary and Plenipotentiary of Persia at Berne;

The President of the Republic of Poland:

Mr. Joseph Gabriel Pracki, Surgeon Colonel,

Mr. W. Jersey Babecki, Lieutenant-Colonel;

The President of the Portuguese Republic:

His Excellency Sr. Vasco de Quevedo, Envoy Extraordinary and Minister Plenipotentiary of Portugal at Berne,

Sr. Francisco de Calheiros e Menezes, First Secretary of Legation;

His Majesty the King of Rumania:

His Excellency M. Michel B. Boeresco, Envoy Extraordinary and Minister Plenipotentiary of Rumania at Berne,

M. Eugene Vertejano, Colonel, Staff Officer;

His Majesty the King of the Serbs, Croats, and Slovenes:

His Excellency M. Ilija Choumenkovitch, Envoy Extraordinary and Minister Plenipotentiary of the Kingdom of the Serbs, Croats, and Slovenes, at Berne, Permanent Secretary near the League of Nations;

His Majesty the King of Siam:

His Highness, Prince Varnvaldya, Envoy Extraordinary and Minister Plenipotentiary of Siam at London;

His Majesty the King of Sweden:

His Excellency Mr. Karl Ivan Westman, Envoy Extraordinary and Minister Plenipotentiary of Sweden at Berne;

The Swiss Federal Council:

M. Paul Dinichert, Minister Plenipotentiary, [and] Chief of the Division of Foreign Affairs of the Federal Political Department,

M. Carl Hauser, Colonel of the Sanitary Troops, Surgeon General of the Army,

M. Anton Züblin, Infantry Colonel, unassigned, Attorney,

M. Roger de la Harpe, Lieutenant-Colonel of the Sanitary Troops, Surgeon,

M. Dietrich Schindler, Major in the Judge Advocate General's Department, Professor of International Law at the University of Zurich;

The President of the Czechoslovak Republic:

His Excellency M. Zdenek Fierlinger, Envoy Extraordinary and Minister Plenipotentiary of Czechoslovakia at Berne;

The President of the Turkish Republic:

His Excellency Hassan Bey, Vice President of the Grand National Assembly of Turkey, Vice President of the Turkish Red Crescent,

His Excellency Nusret Bey, President of the Council of State of the Republic,

Prof. Akil Moukhtar Bey, M. D.,

Dr. Abdulkadir Bey, Lieutenant-Colonel, Military Surgeon, Professor at the School of Application and at the Hospital of Gulhane;

The President of the Oriental Republic Uruguay:

His Excellency Sr. Alfredo de Castro, Envoy Extraordinary and Minister Plenipotentiary of Uruguay at Berne;

The President of the Republic of the United States of Venezuela:

His Excellency Sr. Caracciolo Parra-Perez, Envoy Extraordinary and Minister Plenipotentiary of Venezuela at Rome,

Sr. Ivan Manuel Hurtado-Machago, Chargé d'Affaires ad interim of Venezuela at Berne;

Who, after having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

#### TITLE I. GENERAL PROVISIONS

##### ARTICLE 1

The present Convention shall apply, without prejudice to the stipulations of Title VII:

1) to all persons mentioned in Articles 1, 2 and 3 of the regulations annexed to the Hague Convention respecting the laws and customs of war on land, of October 18, 1907, and captured by the enemy;<sup>1</sup>

2) to all persons belonging to the armed forces of belligerent parties, captured by the enemy in the course of military operations at sea or in the air, except for such derogations as might be rendered inevitable by the conditions of capture. However, such derogations shall not infringe upon the fundamental principles of the present Convention; they shall cease from the moment when the persons captured have rejoined a prisoners of war camp.

##### ARTICLE 2

Prisoners of war are in the power of the hostile Power, but not of the individuals or corps who capture them.

##### <sup>1</sup>Annexed Regulations:

ART. 1. The laws, rights, and duties of war apply not only to armies, but also to militia and volunteer corps fulfilling the following conditions: 1. To be commanded by a person responsible for his subordinates; 2. To have a fixed distinctive emblem recognizable at a distance; 3. To carry arms openly; and 4. To conduct their operations in accordance with the laws and customs of war. In countries where militia or volunteer corps constitute the army, or form part of it, they are included under the denomination "army."

ART. 2. The inhabitants of a territory which has not been occupied, who, on the approach of the enemy, spontaneously take up arms to resist the invading troops without having had time to organize themselves in accordance with Article 1, shall be regarded as belligerents if they carry arms openly and if they respect the laws and customs of war.

ART. 3. The armed forces of the belligerent parties may consist of combatants and noncombatants. In the case of capture by the enemy, both have a right to be treated as prisoners of war.



They must at all times be humanely treated and protected, particularly against acts of violence, insults and public curiosity.

Measures of reprisal against them are prohibited.

#### ARTICLE 3

Prisoners of war have the right to have their person and their honor respected. Women shall be treated with all the regard due to their sex.

Prisoners retain their full civil status.

#### ARTICLE 4

The Power detaining prisoners of war is bound to provide for their maintenance.

Difference in treatment among prisoners is lawful only when it is based on the military rank, state of physical or mental health, professional qualifications or sex of those who profit thereby.

### TITLE II. CAPTURE

Every prisoner of war is bound to give, if he is questioned on the subject, his true name and rank, or else his regimental number.

If he infringes this rule, he is liable to have the advantages given to prisoners of his class curtailed.

No coercion may be used on prisoners to secure information relative to the condition of their army or country. Prisoners who refuse to answer may not be threatened, insulted, or exposed to unpleasant or disadvantageous treatment of any kind whatever.

If, because of his physical or mental condition, a prisoner is unable to identify himself, he shall be turned over to the Sanitary Service.

#### ARTICLE 5

All effects and objects of personal use—except arms, horses, military equipment and military papers—shall remain in the possession of prisoners of war, as well as metal helmets and gas masks.

Money in the possession of prisoners may not be taken away from them except by order of an officer and after the amount is determined. A receipt shall be given. Money thus taken away shall be entered to the account of each prisoner.

Identification documents, insignia of rank, decorations and objects of value may not be taken from prisoners.

### TITLE III. CAPTIVITY

#### SECTION I. EVACUATION OF PRISONERS OF WAR

#### ARTICLE 7

Prisoners of war shall be evacuated within the shortest possible period after their capture, to depots located in a region far enough from the zone of combat for them to be out of danger.

Only prisoners who, because of wounds or sickness, would run greater risks by being evacuated than by remaining where they are may be temporarily kept in a dangerous zone.

Prisoners shall not be needlessly exposed to danger while awaiting their evacuation from the combat zone.

Evacuation of prisoners on foot may normally be effected only by stages of 20 kilometers a day, unless the necessity of reaching water and food depots requires longer stages.

#### ARTICLE 8

Belligerents are bound mutually to notify each other of their capture of prisoners within the shortest period possible, through the intermediary of the information bureaus, such as are organized according to Article 77. They are likewise bound to inform each other of the official addresses to which the correspondence of their families may be sent to prisoners of war.

As soon as possible, every prisoner must be enabled to correspond with his family himself, under the conditions provided in Articles 36 *et seq.*

As regards prisoners captured at sea, the provisions of the present article shall be observed as soon as possible after arrival at port.

### SECTION II. PRISONERS OF WAR CAMPS

#### ARTICLE 9

Prisoners of war may be interned in a town, fortress, or other place, and bound not to go beyond certain fixed limits. They may also be interned in enclosed camps; they may not be confined or kept in except as an indispensable measure of safety or sanitation, and only while the circumstances which necessitate the measure continue to exist.

Prisoners captured in unhealthy regions or where the climate is injurious for persons coming from temperate regions, shall be transported, as soon as possible, to a more favorable climate.

Belligerents shall, so far as possible, avoid assembling in a single camp prisoners of different races or nationalities.

No prisoner may, at any time, be sent into a region where he might be exposed to the fire of the combat zone nor used to give protection from bombardment to certain points or certain regions by his presence.

#### CHAPTER 1. Installation of Camps

#### ARTICLE 10

Prisoners of war shall be lodged in buildings or in barracks affording all possible guarantees of hygiene and healthfulness.

The quarters must be fully protected from dampness, sufficiently heated and lighted. All precautions must be taken against danger of fire.

With regard to dormitories:—the total surface, minimum cubic amount of air, arrangement and material of bedding,—the conditions shall be the same as for the troops at base camps of the detaining Power.

#### CHAPTER 2. Food and Clothing of Prisoners of War

#### ARTICLE 11

The food ration of prisoners of war shall be equal in quantity and quality to that of troops at base camps.

Furthermore, prisoners shall receive facilities for preparing, themselves, additional food which they might have.

A sufficiency of potable water shall be furnished them. The use of tobacco shall be permitted. Prisoners may be employed in the kitchens.

All collective disciplinary measures affecting the food are prohibited.

#### ARTICLE 12

Clothing, linen and footwear shall be furnished prisoners of war by the detaining Power. Replacement and repairing of these effects must be assured regularly. In addition, laborers must receive work clothes wherever the nature of the work requires it.

Canteens shall be installed in all camps where prisoners may obtain, at the local market price, food products and ordinary objects.

Profits made by the canteens for camp administrations shall be used for the benefit of prisoners.

#### CHAPTER 3. Sanitary Service in Camps

#### ARTICLE 13

Belligerents shall be bound to take all sanitary measures necessary to assure the cleanliness and healthfulness of camps and to prevent epidemics.

Prisoners of war shall have at their disposal, day and night, installations conforming to sanitary rules and constantly maintained in a state of cleanliness.

Furthermore, and without prejudice to baths and showers with which the camp shall be as well provided as possible, prisoners shall be furnished a sufficient quantity of water for the care of their own bodily cleanliness.

It shall be possible for them to take physical exercise and enjoy the open air.

#### ARTICLE 14

Every camp shall have an infirmary, where prisoners of war shall receive every kind of attention they need. If necessary, isolated quarters shall be reserved for the sick affected with contagious diseases.

Expenses of treatment, including therein those of temporary prosthetic equipment, shall be borne by the detaining Power.



Upon request, belligerents shall be bound to deliver to every prisoner treated an official statement showing the nature and duration of his illness as well as the attention received.

It shall be lawful for belligerents reciprocally to authorize, by means of private arrangements, the retention in the camps of physicians and attendants to care for prisoners of their own country.

Prisoners affected with a serious illness or whose condition necessitates an important surgical operation, must be admitted, at the expense of the detaining Power, to any military or civil medical unit qualified to treat them.

## ARTICLE 15

Medical inspections of prisoners of war shall be organized at least once a month. Their purpose shall be the supervision of the general state of health and cleanliness, and the detection of contagious diseases, particularly tuberculosis and venereal diseases.

CHAPTER 4. *Intellectual and Moral Needs of Prisoners of War*

## ARTICLE 16

Prisoners of war shall enjoy complete liberty in the exercise of their religion, including attendance at the services of whatever Church they may belong to, on the sole condition that they comply with the measures of order and police issued by the military authorities.

Ministers of a religion, prisoners of war, whatever their religious denomination, shall be allowed to minister fully to members of the same religion.

## ARTICLE 17

So far as possible, belligerents shall encourage intellectual diversions and sports organized by prisoners of war.

CHAPTER 5. *Internal Discipline of Camps*

## ARTICLE 18

Every camp of prisoners of war shall be placed under the command of a responsible officer.

Besides the external marks of respect provided by the regulations in force in their armies with regard to their nationals, prisoners of war must salute all officers of the detaining Power.

Officers who are prisoners of war are bound to salute only officers of a higher or equal rank of that Power.

## ARTICLE 19

The wearing of insignia of rank and of decorations shall be permitted.

## ARTICLE 20

Regulations, orders, notices and proclamations of every kind must be communicated to prisoners of war in a language which they understand. The same principle shall be applied in examinations.

CHAPTER 6. *Special Provisions regarding Officers and Persons of Assimilated Status (Assimilés)*

## ARTICLE 21

Upon the beginning of hostilities, belligerents shall be bound to communicate to one another the titles and ranks in use in their respective armies, with a view to assuring equality of treatment between officers and *assimilés* of equivalent ranks.

Officers and *assimilés* who are prisoners of war shall be treated with the regard due their rank and age.

## ARTICLE 22

In order to assure service in officers' camps, soldiers of the same army who are prisoners of war and, wherever possible, who speak the same language, shall be assigned thereto, in sufficient numbers, considering the rank of the officers and *assimilés*.

The latter shall secure their food and clothing from the pay which shall be granted them by the detaining Power. Administration of the mess-fund by the officers themselves must be facilitated in every way.

CHAPTER 7. *Financial resources of Prisoners of War*

## ARTICLE 23

Subject to private arrangements between belligerent Powers, and particularly those provided in Article 24, officers and *assimilés* who are prisoners of war shall receive from

the detaining Power the same pay as officers of corresponding rank in the armies of that Power, on the condition, however, that this pay does not exceed that to which they are entitled in the armies of the country where they have served. This pay shall be granted them in full, once a month if possible, and without being liable to any deduction for expenses incumbent on the detaining Power, even when they are in favor of the prisoners.

An agreement between the belligerents shall fix the rate of exchange applicable to this payment; in the absence of such an agreement, the rate adopted shall be that in force at the opening of hostilities.

All payments made to prisoners of war as pay must be reimbursed, at the end of hostilities, by the Power which they have served.

## ARTICLE 24

Upon the outbreak of hostilities, the belligerents shall, by common agreement, fix the maximum amount of ready money which prisoners of war of various ranks and classes shall be allowed to keep in their possession. Any surplus taken or withheld from a prisoner shall be entered to his account, the same as any deposit of money effected by him, and may not be converted into another currency without his consent.

Pay to the credit of their accounts shall be given to prisoners of war at the end of their captivity.

During their imprisonment, facilities shall be granted them for the transfer of these amounts, in whole or in part, to banks or private persons in their country of origin.

CHAPTER 8. *Transfer of Prisoners of War*

## ARTICLE 25

Unless the conduct of military operations so require, sick and wounded prisoners of war shall not be transferred as long as their recovery might be endangered by the trip.

## ARTICLE 26

In case of transfer, prisoners of war shall be officially notified of their new destination in advance; they shall be allowed to take with them their personal effects, their correspondence and packages which have arrived at their address.

All due measures shall be taken that correspondence and packages addressed to their former camp may be forwarded to them without delay.

Money deposited to the account of transferred prisoners shall be transmitted to the competent authority of their new place of residence.

The expenses occasioned by the transfer shall be charged to the detaining Power.

SECTION III. *LABOR OF PRISONERS OF WAR*CHAPTER 1. *Generalities*

## ARTICLE 27

Belligerents may utilize the labor of able prisoners of war, according to their rank and aptitude, officers and *assimilés* excepted.

However, if officers or *assimilés* request suitable work, it shall be secured for them so far as is possible.

Non-commissioned officers who are prisoners of war shall only be required to do supervisory work, unless they expressly request a remunerative occupation.

Belligerents shall be bound, during the whole period of captivity, to allow to prisoners of war who are victims of accidents in connection with their work the enjoyment of the benefit of the provisions applicable to laborers of the same class according to the legislation of the detaining Power. With regard to prisoners of war to whom these legal provisions might not be applied by reason of the legislation of that Power, the latter undertakes to recommend to its legislative body all proper measures equitably to indemnify the victims.

CHAPTER 2. *Organization of the Labor*

## ARTICLE 28

The detaining Power shall assume entire responsibility for the maintenance, care, treatment and payment of wages of prisoners of war working for the account of private persons.



## ARTICLE 29

No prisoner of war may be employed at labors for which he is physically unfit.

## ARTICLE 30

The length of the day's work of prisoners of war, including therein the trip going and returning, shall not be excessive and must not, in any case, exceed that allowed for the civil workers in the region employed at the same work. Every prisoner shall be allowed a rest of twenty-four consecutive hours every week, preferably on Sunday.

CHAPTER 3. *Prohibited Labor*

## ARTICLE 31

Labor furnished by prisoners of war shall have no direct relation with war operations. It is especially prohibited to use prisoners for manufacturing and transporting arms or ammunition of any kind, or for transporting material intended for combatant units.

In case of violation of the provisions of the preceding paragraph, prisoners, after executing or beginning to execute the order, shall be free to have their protests presented through the mediation of the agents whose functions are set forth in Articles 43 and 44, or, in the absence of an agent, through the mediation of representatives of the protecting Power.

## ARTICLE 32

It is forbidden to use prisoners of war at unhealthful or dangerous work.

Any aggravation of the conditions of labor by disciplinary measures is forbidden.

CHAPTER 4. *Labor Detachments*

## ARTICLE 33

The system of labor detachments must be similar to that of prisoners of war camps, particularly with regard to sanitary conditions, food, attention in case of accidents or sickness, correspondence and the receipt of packages.

Every labor detachment shall be dependent on a prisoners' camp. The commander of this camp shall be responsible for the observation, in the labor detachment, of the provisions of the present Convention.

CHAPTER 5. *Wages*

## ARTICLE 34

Prisoners of war shall not receive wages for work connected with the administration, management and maintenance of the camps.

Prisoners utilized for other work shall be entitled to wages to be fixed by agreements between the belligerents.

These agreements shall also specify the part which the camp administration may retain, the amount which shall belong to the prisoner of war and the manner in which that amount shall be put at his disposal during the period of his captivity.

While awaiting the conclusion of the said agreements, payment for labor of prisoners shall be settled according to the rules given below:

a) Work done for the State shall be paid for in accordance with the rates in force for soldiers of the national army doing the same work, or, if none exists, according to a rate in harmony with the work performed.

b) When the work is done for the account of other public administrations or for private persons, conditions shall be regulated by agreement with the military authority.

The pay remaining to the credit of the prisoner shall be delivered to him at the end of his captivity. In case of death, it shall be forwarded through the diplomatic channel to the heirs of the deceased.

SECTION IV. *EXTERNAL RELATIONS OF PRISONERS OF WAR*

## ARTICLE 35

Upon the outbreak of hostilities, belligerents shall publish the measures provided for the execution of the provisions of this section.

## ARTICLE 36

Each of the belligerents shall periodically determine the number of letters and postal cards per month which prisoners of war of the various classes shall be allowed to send, and shall inform the other belligerent of this number. These

letters and cards shall be transmitted by post by the shortest route. They may not be delayed or retained for disciplinary reasons.

Within a period of not more than one week after his arrival at the camp, and likewise in case of sickness, every prisoner shall be enabled to write his family a postal card informing it of his capture and of the state of his health. The said postal cards shall be forwarded as rapidly as possible and may not be delayed in any manner.

As a general rule, correspondence of prisoners shall be written in their native language. Belligerents may allow correspondence in other languages.

## ARTICLE 37

Prisoners of war shall be allowed individually to receive parcels by mail, containing foods and other articles intended to supply them with food or clothing. Packages shall be delivered to the addresses upon a receipt.

## ARTICLE 38

Letters and consignments of money or valuables, as well as parcels by post intended for prisoners of war or dispatched by them, either directly, or by the mediation of the information bureaus provided for in Article 77, shall be exempt from all postal duties in the countries of origin and destination, as well as in the countries they pass through.

Presents and relief in kind for prisoners shall be likewise exempt from all import and other duties, as well as of payments for carriage by the State railways.

Prisoners may, in cases of acknowledged urgency, be allowed to send telegrams, paying the usual charges.

## ARTICLE 39

Prisoners of war shall be allowed to receive shipments of books individually, which may be subject to censorship.

Representatives of the protecting Powers and duly recognized and authorized aid societies may send books and collections of books to the libraries of prisoners' camps. The transmission of these shipments to libraries may not be delayed under the pretext of censorship difficulties.

## ARTICLE 40

Censorship of correspondence must be effected within the shortest possible time. Furthermore, inspection of parcels post must be effected under proper conditions to guarantee the preservation of the products which they may contain and, if possible, in the presence of the addressee or an agent duly recognized by him.

Prohibitions of correspondence promulgated by the belligerents for military or political reasons, must be transient in character and as short as possible.

## ARTICLE 41

Belligerents shall assure all facilities for the transmission of instruments, papers or documents intended for prisoners of war or signed by them, particularly of powers of attorney and wills.

They shall take the necessary measures to assure, in case of necessity, the authentication of signatures made by prisoners.

SECTION V. *PRISONERS' RELATIONS WITH THE AUTHORITIES*CHAPTER 1. *Complaints of Prisoners of War because of the Régime of Captivity*

## ARTICLE 42

Prisoners of war shall have the right to inform the military authorities in whose power they are of their requests with regard to the régime of captivity to which they are subjected.

They shall also have the right to address themselves to representatives of the protecting Powers to indicate to them the points on which they have complaints to formulate with regard to the régime of captivity.

These requests and complaints must be transmitted immediately.

Even if they are recognized to be unfounded, they may not occasion any punishment.

CHAPTER 2. *Representatives of Prisoners of War*

## ARTICLE 43

In every place where there are prisoners of war, they shall be allowed to appoint agents entrusted with representing



them directly with military authorities and protecting Powers.

This appointment shall be subject to the approval of the military authority.

The agents shall be entrusted with the reception and distribution of collective shipments. Likewise, in case the prisoners should decide to organize a mutual assistance system among themselves, this organization would be in the sphere of the agents. Further, they may lend their offices to prisoners to facilitate their relations with the aid societies mentioned in Article 78.

In camps of officers and *assimilés*, the oldest officer, prisoner of war, in the highest rank shall be recognized as intermediary between the camp authorities and the officers and *assimilés* who are prisoners. For this purpose he shall have the power to appoint a prisoner officer to assist him as an interpreter during the conferences with the camp authorities.

#### ARTICLE 44

When the agents are employed as laborers their activity as representatives of prisoners of war must be counted in the compulsory duration of labor.

All facilities shall be accorded the agents for their intercourse with the military authorities and with the protecting Power. This intercourse shall not be limited.

No representative of the prisoners may be transferred without the necessary time being allowed him to bring his successors up to date about affairs under consideration.

#### CHAPTER 3. Penalties applicable to Prisoners of War

##### 1. GENERAL PROVISIONS

#### ARTICLE 45

Prisoners of war shall be subject to the laws, regulations, and orders in force in the armies of the detaining Power.

An act of insubordination shall justify the adoption towards them of the measures provided by such laws, regulations and orders.

The provisions of the present chapter, however, are reserved.

#### ARTICLE 46

Punishments other than those provided for the same acts for soldiers of the national armies may not be imposed upon prisoners of war by the military authorities and courts of the detaining Power.

Rank being identical, officers, non-commissioned officers or soldiers who are prisoners of war undergoing a disciplinary punishment, shall not be subject to less favorable treatment than that provided in the armies of the detaining Power with regard to the same punishment.

Any corporal punishment, any imprisonment in quarters without daylight and, in general, any form of cruelty, is forbidden.

Collective punishment for individual acts is also forbidden.

#### ARTICLE 47

Acts constituting an offense against discipline, and particularly attempted escape, shall be verified immediately; for all prisoners of war, commissioned or not, preventive arrest shall be reduced to the absolute minimum.

Judicial proceedings against prisoners of war shall be conducted as rapidly as the circumstances permit; preventive imprisonment shall be limited as much as possible.

In all cases, the duration of preventive imprisonment shall be deducted from the disciplinary or judicial punishment inflicted, provided that this deduction is allowed for national soldiers.

#### ARTICLE 48

Prisoners of war may not be treated differently from other prisoners after having suffered the judicial or disciplinary punishment which has been imposed on them.

However, prisoners punished as a result of attempted escape may be subjected to special surveillance, which, however, may not entail the suppression of the guarantees granted prisoners by the present Convention.

#### ARTICLE 49

No prisoner of war may be deprived of his rank by the detaining Power.

Prisoners given disciplinary punishment may not be deprived of the prerogatives attached to their rank. In particular, officers and *assimilés* who suffer punishment involving deprivation of liberty shall not be placed in the same quarters as non-commissioned officers or privates being punished.

#### ARTICLE 50

Escaped prisoners of war who are retaken before being able to rejoin their own army or to leave the territory occupied by the army which captured them shall be liable only to disciplinary punishment.

Prisoners who, after having succeeded in rejoining their army or in leaving the territory occupied by the army which captured them, may again be taken prisoners, shall not be liable to any punishment on account of their previous flight.

#### ARTICLE 51

Attempted escape, even if it is a repetition of the offense, shall not be considered as an aggravating circumstance in case the prisoner of war should be given over to the courts on account of crimes or offenses against persons or property committed in the course of that attempt.

After an attempted or accomplished escape, the comrades of the person escaping who assisted in the escape, may incur only disciplinary punishment on this account.

#### ARTICLE 52

Belligerents shall see that the competent authorities exercise the greatest leniency in deciding the question of whether an infraction committed by a prisoner of war should be punished by disciplinary or judicial measures.

This shall be the case especially when it is a question of deciding on acts in connection with escape or attempted escape.

A prisoner may not be punished more than once because of the same act or the same count.

#### ARTICLE 53

No prisoner of war on whom a disciplinary punishment has been imposed, who might be eligible for repatriation, may be kept back because he has not undergone the punishment.

Prisoners to be repatriated who might be threatened with a penal prosecution may be excluded from repatriation until the end of the proceedings and, if necessary, until the completion of the punishment; those who might already be imprisoned by reason of a sentence may be detained until the end of their imprisonment.

Belligerents shall communicate to each other the lists of those who may not be repatriated for the reasons given in the preceding paragraph.

#### 2. DISCIPLINARY PUNISHMENTS

#### ARTICLE 54

Arrest is the most severe disciplinary punishment which may be imposed on a prisoner of war.

The duration of a single punishment may not exceed thirty days.

This maximum of thirty days may not, further, be exceeded in the case of several acts for which the prisoner has to undergo discipline at the time when it is ordered for him, whether or not these acts are connected.

When, during or after the end of a period of arrest, a prisoner shall have a new disciplinary punishment imposed upon him, a space of at least three days shall separate each of the periods of arrest, if one of them is ten days or more.

#### ARTICLE 55

Subject to the provisions given in the last paragraph of Article 11, food restrictions allowed in the armies of the detaining Power are applicable, as an increase in punishment, to prisoners of war given disciplinary punishment.

However, these restrictions may be ordered only if the state of health of the prisoners punished permits it.

#### ARTICLE 56

In no case may prisoners of war be transferred to penitentiary establishments (prisons, penitentiaries, convict prisons, etc.) there to undergo disciplinary punishment.



The quarters in which they undergo disciplinary punishment shall conform to sanitary requirements.

Prisoners punished shall be enabled to keep themselves in a state of cleanliness.

These prisoners shall every day be allowed to exercise or to stay in the open air at least two hours.

## ARTICLE 57

Prisoners of war given disciplinary punishment shall be allowed to read and write, as well as to send and receive letters.

On the other hand, packages and money sent may be not delivered to the addressees until the expiration of the punishment. If the packages not distributed contain perishable products, these shall be turned over to the camp infirmary or kitchen.

## ARTICLE 58

Prisoners of war given disciplinary punishment shall be allowed, on their request, to be present at the daily medical inspection. They shall receive the care considered necessary by the doctors and, if necessary, shall be removed to the camp infirmary or to hospitals.

## ARTICLE 59

Excepting the competence of courts and higher military authorities, disciplinary punishment may be ordered only by an officer provided with disciplinary powers in his capacity as commander of a camp or detachment, or by the responsible officer replacing him.

## 3. JUDICIAL SUITS

## ARTICLE 60

At the opening of a judicial proceeding directed against a prisoner of war, the detaining Power shall advise the representative of the protecting Power thereof as soon as possible, and always before the date set for the opening of the trial.

This advice shall contain the following information:

- a) civil state and rank of prisoner;
- b) place of sojourn or imprisonment;
- c) specification of the count or counts of the indictment, giving the legal provisions applicable.

If it is not possible to mention in that advice the court which will pass upon the matter, the date of opening the trial and the place where it will take place, this information must be furnished to the representative of the protecting Power later, as soon as possible, and at all events, at least three weeks before the opening of the trial.

## ARTICLE 61

No prisoner of war may be sentenced without having had an opportunity to defend himself.

No prisoner may be obliged to admit himself guilty of the act of which he is accused.

## ARTICLE 62

The prisoner of war shall be entitled to assistance by a qualified counsel of his choice, and, if necessary, to have recourse to the services of a competent interpreter. He shall be advised of his right by the detaining Power, in due time before the trial.

In default of a choice by the prisoner, the protecting Power may obtain a counsel for him. The detaining Power shall deliver to the protecting Power, on its request, a list of persons qualified to present the defense.

Representatives of the protecting Power shall be entitled to attend the trial of the case.

The only exception to this rule is the case where the trial of the case must be secret in the interest of the safety of the State. The detaining Power should so advise the protecting Power.

## ARTICLE 63

Sentence may be pronounced against a prisoner of war by the same courts and according to the same procedure as in the case of persons belonging to the armed forces of the detaining Power.

## ARTICLE 64

Every prisoner of war shall have the right of appeal against any sentence rendered with regard to him, in the same way as individuals belonging to the armed forces of the detaining Power.

## ARTICLE 65

Sentences pronounced against prisoners of war shall be communicated to the protecting Power immediately.

## ARTICLE 66

If the death penalty is pronounced against a prisoner of war, a communication setting forth in detail the nature and circumstances of the offense shall be sent as soon as possible to the representative of the protecting Power, for transmission to the Power in whose armies the prisoner served.

The sentence shall not be executed before the expiration of a period of at least three months after this communication.

## ARTICLE 67

No prisoner of war may be deprived of the benefit of the provisions of Article 42 of the present Convention as a result of a sentence or otherwise.

## TITLE IV. TERMINATION OF CAPTIVITY

## SECTION I. DIRECT REPATRIATION AND HOSPITALIZATION IN A NEUTRAL COUNTRY

## ARTICLE 68

Belligerents are bound to send back to their own country, regardless of rank or number, seriously sick and seriously injured prisoners of war, after having brought them to a condition where they can be transported.

Agreements between belligerents shall accordingly settle as soon as possible the cases of invalidity or of sickness, entailing direct repatriation, as well as the cases entailing possible hospitalization in a neutral country. While awaiting the conclusion of these agreements, belligerents may have reference to a model agreement annexed, for documentary purposes, to the present Convention.

## ARTICLE 69

Upon the outbreak of hostilities, belligerents shall come to an agreement to name mixed medical commissions. These commissions shall be composed of three members, two of them belonging to a neutral country and one appointed by the detaining Power; one of the physicians of the neutral country shall preside. These mixed medical commissions shall proceed to the examination of sick or wounded prisoners and shall make all due decisions regarding them.

Decisions of these commissions shall be by majority and carried out with the least possible delay.

## ARTICLE 70

Besides those who are designated by the camp physician, the following prisoners of war shall be inspected by the mixed medical Commission mentioned in Article 69, with a view to their direct repatriation or their hospitalization in a neutral country:

- a) prisoners who make such a request directly of the camp physician;
- b) prisoners who are presented by the agents provided for in Article 43, acting on their own initiative or at the request of the prisoners themselves;
- c) prisoners who have been proposed by the Power in whose armies they have served or by an aid society duly recognized and authorized by that Power.

## ARTICLE 71

Prisoners of war who are victims of accidents in connection with work, except those voluntarily injured, shall enjoy the benefit of the same provisions, as far as repatriation or possible hospitalization in a neutral country are concerned.

## ARTICLE 72

Throughout the duration of hostilities and for humane considerations, belligerents may conclude agreements with a view to the direct repatriation or hospitalization in a neutral country of able-bodied prisoners of war who have undergone a long period of captivity.

## ARTICLE 73

The expenses of repatriation or of transportation to a neutral country of prisoners of war shall be borne, from the frontiers of the detaining Power, by the Power in whose armies the prisoners have served.

## ARTICLE 74

No repatriated person may be utilized in active military service.



## SECTION II. RELEASE AND REPATRIATION UPON CESSATION OF HOSTILITIES

## ARTICLE 75

When belligerents conclude a convention of armistice, they must, in principle, have appear therein stipulations regarding the repatriation of prisoners of war. If it has not been possible to insert stipulations in this regard in such convention, belligerents shall nevertheless come to an agreement in this regard as soon as possible. In any case, repatriation of prisoners shall be effected with the least possible delay after the conclusion of peace.

Prisoners of war against whom a penal prosecution might be pending for a crime or an offense of municipal law may, however, be detained until the end of the proceedings and, if necessary, until the expiration of the punishment. The same shall be true of those sentenced for a crime or offense of municipal law.

On agreement between the belligerents, commissions may be established for the purpose of searching for dispersed prisoners and assuring their repatriation.

## TITLE V. DEATH OF PRISONERS OF WAR

## ARTICLE 76

Wills of prisoners of war shall be received and drawn up in the same way as for soldiers of the national army.

The same rules shall be observed regarding death certificates.

Belligerents shall see that prisoners of war dying in captivity are honorably buried and that the graves bear all due information, are respected and properly maintained.

## TITLE VI. RELIEF AND BUREAUS OF INFORMATION CONCERNING PRISONERS OF WAR

## ARTICLE 77

Upon the outbreak of hostilities, each of the belligerent Powers, as well as the neutral Power which have received belligerents, shall institute an official information bureau for prisoners of war who are within their territory.

Within the shortest possible period, each of the belligerent Powers shall inform its information bureau of every capture of prisoners effected by its armies, giving it all the information regarding identity which it has, allowing it quickly to advise the families concerned, and informing it of the official addresses to which families may write to prisoners.

The information bureau shall immediately forward all this information to the interested Powers, through the intervention, on one hand, of the protecting Powers and, on the other, of the central agency provided for in Article 79.

It is the function of the information bureau to reply to all inquiries about prisoners of war. It shall receive from the various services concerned full information respecting internments and transfers, releases on parole, repatriations, escapes, stays in hospitals, deaths, as well as other information necessary to enable it to make out and keep up to date an individual return for each prisoner of war.

The bureau shall state in this return, in so far as is possible and subject to the provisions of Article 5: the regimental number, given names and surname, date and place of birth, rank and unit of the interested party, the given name of the father and the name of the mother, the address of the person to be advised in case of accident, wounds, date and place of capture, internment, wounding and death, as well as any other important information.

Weekly lists containing all new information likely to facilitate the identification of each prisoner shall be transmitted to the interested Powers.

At the conclusion of peace the individual return of the prisoner of war shall be delivered to the Power which he served.

The information bureau shall further be bound to receive all objects of personal use, valuables, letters, pay vouchers, identification marks, etc., which are left by prisoners of war who have been repatriated, released on parole, have escaped or died, and to transmit them to the countries interested.

## ARTICLE 78

Relief societies for prisoners of war, which are properly constituted in accordance with the laws of their country

and with the object of serving as the channel for charitable effort, shall receive from the belligerents, for themselves and their duly accredited agents, every facility for the efficient performance of their humane task within the bounds imposed by military necessities. Agents of these societies may be admitted to the camps for the purpose of distributing relief, as also to the halting places of repatriated prisoners, if furnished with a personal permit by the military authorities, and on giving an undertaking in writing to comply with all measures of order and police which the latter may issue.

## ARTICLE 79

A central information agency for prisoners of war shall be created in a neutral country. The International Committee of the Red Cross shall propose the organization of such an agency to the interested Powers, if it considers it necessary.

The function of this agency shall be to centralize all information respecting prisoners, which it may obtain through official or private channels; it shall transmit it as quickly as possible to the country of origin of the prisoners or to the Power which they have served.

These provisions must not be interpreted as restricting the humanitarian activity of the International Committee of the Red Cross.

## ARTICLE 80

Information bureaus shall enjoy the privilege of free postage on postal matter, as well as all exemptions provided in Article 38.

## TITLE VII. APPLICATION OF THE CONVENTION TO CERTAIN CLASSES OF CIVILIANS

## ARTICLE 81

Individuals who follow armed forces without directly belonging thereto, such as newspaper correspondents and reporters, sutlers and contractors, who fall into the enemy's hands and whom the latter thinks expedient to detain, shall be entitled to be treated as prisoners of war, provided they are in possession of a certificate from the military authorities of the armed forces which they are accompanying.

## TITLE VIII. EXECUTION OF THE CONVENTION

## SECTION I. GENERAL PROVISIONS

## ARTICLE 82

The provisions of the present Convention must be respected by the High Contracting Parties under all circumstances.

In case, in time of war, one of the belligerents is not a party to the Convention, its provisions shall nevertheless remain in force as between the belligerents who are parties thereto.

## ARTICLE 83

The High Contracting Parties reserve the right to conclude special conventions on all questions relative to prisoners of war, on which it seems to them expedient to have particular regulations.

Prisoners of war shall receive the benefit of these agreements until the completion of repatriation, except in the case of express stipulations to the contrary contained in the above-mentioned agreements or in later agreements, or also except in the case of more favorable measures taken by one or the other of the belligerent Powers respecting the prisoners which they hold.

In order to assure the reciprocal application, of the stipulations of the present Convention, and to facilitate the conclusion of the special conventions provided for above, belligerents may, upon the commencement of hostilities, authorize meetings of representatives of the respective authorities charged with the administration of prisoners of war.

## ARTICLE 84

The text of the present Convention and of the special conventions provided for in the foregoing article, shall be posted, wherever possible in the native language of the prisoners of war, in places where it may be consulted by all the prisoners.

The text of these conventions shall be communicated to prisoners who find it impossible to get the information from the posted text, upon their request.



## ARTICLE 85

The High Contracting Parties shall communicate to one another, through the Swiss Federal Council, the official translations of the present Convention, as well as of the laws and regulations which they may come to adopt to assure the application of the present Convention.

## SECTION II. ORGANIZATION OF CONTROL

## ARTICLE 86

The High Contracting Parties recognize that the regular application of the present Convention will find a guaranty in the possibility of collaboration of the protecting Powers charged with safeguarding the interests of belligerents; in this respect, the protecting Powers may, besides their diplomatic personnel, appoint delegates from among their own nationals or from among the nationals of other neutral Powers. These delegates must be subject to the approval of the belligerent near which they exercise their mission.

Representatives of the protecting Power or its accepted delegates shall be permitted to go to any place, without exception, where prisoners of war are interned. They shall have access to all places occupied by prisoners and may interview them, as a general rule without witnesses, personally or through interpreters.

Belligerents shall so far as possible facilitate the task of representatives or accepted delegates of the protecting Power. The military authorities shall be informed of their visit.

Belligerents may come to an agreement to allow persons of the same nationality as the prisoners to be permitted to take part in inspection trips.

## ARTICLE 87

In case of disagreement between the belligerents as to the application of the provisions of the present Convention, the protecting Powers must, in so far as possible, lend their good offices for the purpose of settling the difference.

For this purpose, each of the protecting Powers may, in particular, suggest to the interested belligerents a meeting of representatives thereof, possibly upon a neutral territory suitably chosen. Belligerents shall be bound to accede to proposals in this sense which are made to them. The protecting Power may, if occasion arises, submit for the approval of the Powers concerned a person belonging to a neutral Power or a person delegated by the International Committee of the Red Cross, who shall be summoned to take part in this meeting.

## ARTICLE 88

The foregoing provisions are not an obstacle to the humanitarian activity which the International Committee of the Red Cross may use for the protection of prisoners of war, with the consent of the interested belligerents.

## SECTION III. FINAL PROVISIONS

## ARTICLE 89

In the relations between Powers bound by the Hague Convention respecting the Laws and Customs of War on Land, whether it is a question of that of July 29, 1899, or that of October 18, 1907, and who participate in the present Convention, this latter shall complete Chapter II of the Regulations annexed to the said Hague Conventions.

## ARTICLE 90

The present Convention, which will bear this day's date, may be signed up to February 1, 1930, on behalf of all the countries represented at the Conference which opened at Geneva July 1, 1929.

## ARTICLE 91

The present Convention shall be ratified as soon as possible.

The ratifications shall be deposited at Berne.

A record of the deposit of each instrument of ratification shall be prepared, a duly certified copy of which shall be forwarded by the Swiss Federal Council to the Governments of all the countries on whose behalf the Convention has been signed or notification of adhesion made.

## ARTICLE 92

The present Convention shall become effective six months after the deposit of at least two instruments of ratification.

Subsequently, it shall become effective for each High Contracting Party six months after the deposit of its instrument of ratification.

## ARTICLE 93

From the date on which it becomes effective, the present Convention shall be open for adhesions given on behalf of any country in whose name this Convention was not signed.

## ARTICLE 94

Adhesion shall be given by written notification addressed to the Swiss Federal Council and shall take effect six months after the date of their receipt.

The Swiss Federal Council shall communicate adhesion to the Governments of all the countries on whose behalf the Convention was signed or notification of adhesion made.

## ARTICLE 95

A state of war shall give immediate effect to ratifications deposited and to adhesions notified by belligerent Powers prior to or after the outbreak of hostilities. The communication of ratifications or adhesions received from Powers at war shall be made by the Swiss Federal Council by the most rapid method.

## ARTICLE 96

Each of the High Contracting Parties shall have the right to denounce the present Convention. The denunciation shall not take effect until one year after notification has been made in writing to the Swiss Federal Council. The latter shall communicate such notification to the Governments of all the High Contracting Parties.

The denunciation shall have effect only with respect to the high Contracting parties which gave notification thereof.

Moreover, such denunciation shall not take effect during a war in which the denouncing Power is involved. In this case, the present Convention shall continue in effect, beyond the period of one year, until the conclusion of peace, and, in any event, until the processes of repatriation are completed.

## ARTICLE 97

A duly certified copy of the present Convention shall be deposited in the archives of the League of Nations by the Swiss Federal Council. Likewise, ratifications, adhesions and denunciations of which the Swiss Federal Council shall be notified, shall be communicated by it to the League of Nations.

In faith whereof, the Plenipotentiaries named above have signed the present Convention.

Done at Geneva, the twenty-seventh of July, one thousand nine hundred and twenty-nine, in a single copy, which shall remain in the archives of the Swiss Confederations and duly certified copies of which shall be forwarded to the Governments of all the countries invited to the Conference.

For Germany:

EDMUND RHOMBERG

For the United States of America:

ELIOT WADSWORTH

HUGH R. WILSON

For Austria:

LEITMAIER

For Belgium:

DR. DEMOLDER

J. DE RUELLE

For Bolivia:

A. CORTADELLAS

For Brasil:

RAUL DO RIO-BRANCO

For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:

HORACE RUMBOLD

For Canada:

W. A. RIDDELL

For Australia:

CLAUD RUSSELL

For New Zealand:

CLAUD RUSSELL

For the Union of South Africa:

SEAN LESTER



For the Irish Free State:  
SEAN LESTER

For India:  
CLAUD RUSSELL

For Bulgaria:  
D. MIKOFF  
STEPHAN N. LAFTCHIEFF

For Chile:  
GUILLERMO NOVOA  
D. PULGAR

For China:  
C. Y. HSIAO

For Colombia:  
FRANCESCO JOSE URRUTIA

For Cuba:  
CARLOS DE ARMENTEROS  
CARLOS BLANCO

For Denmark:  
HARALD SCAVENIUS  
GUSTAV RASMUSSEN

For the Dominican Republic:  
CH. ACKERMANN

For Egypt:  
MOHAMMED ABDEL MONEIM RIAD

For Spain:  
Ad Referendum  
MAURICIO LOPEZ ROBERTS Y TERRY,  
*Marquis de la Torrehermosa*

For Estonia:  
DR. LEESMENT

For Finland:  
A. E. MARTOLA

For France:  
H. DE MARCILLY  
J. DU SAULT

For Greece:  
R. RAPHAEL  
S. VENISELOS

For Hungary:  
PAUL DE HEVESY

For Italy:  
GIOVANNI CIRAOLO

For Japan:  
ISABURO YOSHIDA  
S. SHIMOMURA  
S. MIURA

For Latvia:  
CHARLES DUZMANS  
DR. OSKAR VOIT

For Luxemburg:  
CH. G. VERMAIRE

For Mexico:  
FRANCISCO CASTILLO NAJERA

For Nicaragua:  
A. SOTTILE

For Norway:  
J. IRGENS  
JENS MEINICH

For The Netherlands:  
W. DOUDE VAN TROOSTWIJK  
DR. DIEHL  
J. HARBERTS

For Persia:  
ANOUCHEREVAN SEPAHEODI

For Poland:  
JOZEF G. PRACKI  
W. JERZY BABECKI

For Portugal:  
VASCO DE QUEVEDO  
F. DE CALHEIROS E. MENEZES

For Rumania:  
M. B. BOERESCO  
COLONEL E. VERTEJANO

For the Kingdom of the Serbs, Croats, and Slovenes:  
I. CHOUMENKOVITCH

For Siam:  
VARNVAIDYA

For Sweden:  
K. I. WESTMAN

For Switzerland:  
PAUL DINICHERT  
DE LA HARPE  
HAUSER  
ZUBLIN  
SCHINDLER

For Czechoslovakia:  
ZDENEK FIERLINGER

For Turkey:  
HASSAN  
DR. ABDULKADIR  
M. NUSRET  
DR. AKIL MOUKHTAR

For Uruguay:  
ALFREDO DE CASTRO

For Venezuela:  
C. PARRA-PEREZ  
I. M. HURTADO-MACHADO

Certified to be a true copy:

(Signed) PAUL DINICHERT,  
*The Chief of the Division of Foreign Affairs  
of the Federal Political Department.*

Mr. BORAH. Mr. President, this treaty deals with the question of the treatment of prisoners of war and is an extension of the provisions which were made at The Hague some years ago. The treaty has the unanimous report of the committee.

Mr. WALSH of Montana. Mr. President, will the Senator tell us briefly just exactly what the change is?

Mr. BORAH. There are practically no changes, but there are enlarged terms and conditions. I will read a few of the provisions so as to show the Senator what they are:

Prisoners of war are in the power of the hostile power, but not of the individuals or corps who capture them.

They must at all times be humanely treated and protected, particularly against acts of violence, insults, and public curiosity.

Measures of reprisal against them are prohibited.

Prisoners of war have the right to have their person and their honor respected. Women shall be treated with all the regard due to their sex.

Prisoners retain their full civil status.

The power detaining prisoners of war is bound to provide for their maintenance.

Difference in treatment among prisoners is lawful only when it is based on the military rank, state of physical or mental health, professional qualifications, or sex of those who profit thereby.

Every prisoner of war is bound to give, if he is questioned on the subject, his true name and rank, or else his regimental number.

Mr. WALSH of Montana. I was curious to know just what additional safeguards were made for the liberty of prisoners.

Mr. BORAH. I have not in mind the terms of The Hague conference; but the treaty itself states that this is an extension of those terms. I suppose it is an amplification of these methods of treatment, and that is all.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the ratification of the treaty? [Putting the question.] Two-thirds of the Senators present concurring therein, the Senate advises and consents to the ratification of the treaty.

INTERNATIONAL CONVENTION FOR THE AMELIORATION OF THE CONDITION OF THE WOUNDED AND SICK OF ARMIES IN THE FIELD

The Senate, as in Committee of the Whole, proceeded to the consideration of Executive F, international convention for the amelioration of the condition of the wounded and sick of armies in the field, which was read, as follows:

To the Senate:

To the end that I may receive the advice and consent of the Senate to ratification, I transmit herewith a certified copy of an international convention, with an English translation thereof, signed at Geneva on July 27, 1929, by the respective plenipotentiaries of the United States of America and 46 other nations, for the amelioration of the condition of the wounded and sick of armies in the field, revising the



Red Cross convention of July 6, 1906, so as to meet the need therefor as shown by experiences in the World War.

The convention has the approval of the Secretary of State, the Secretary of War, and the Secretary of the Navy, all of whom have recommended its transmission to the Senate, as appears in the accompanying report of the Secretary of State.

HERBERT HOOVER.

THE WHITE HOUSE, December 15, 1930.

#### THE PRESIDENT.

Experiences in the World War made apparent the need of a revision of the convention for the amelioration of the condition of the wounded and sick of armies in the field, signed at Geneva on July 6, 1906. The initiative for such revision was taken by the tenth and eleventh international conferences of the Red Cross held in Geneva in 1921 and 1923, which suggested a series of amendments and alterations to the 1906 text. These proposed changes were brought by the Government of Switzerland to the attention of the governments parties to the 1906 convention for comments. These comments were assembled and communicated by the Swiss Government to all interested governments, to whom a formal invitation was extended by the Swiss Government to send representatives with plenary powers to a conference in Geneva in July, 1929, to negotiate a new convention.

As a result of this conference a convention revising the Red Cross convention of July 6, 1906, was signed on July 27, 1929, by the respective plenipotentiaries of the United States of America and 46 other nations represented at the conference. In the consideration of this convention the delegates of the United States in the conference were ably assisted by expert officers of the Army and of the Navy of the United States. The convention has the approval of the Secretary of War and of the Secretary of the Navy, both of whom have recommended its submission to the Senate.

The undersigned, the Secretary of State, joining in this approval and recommendation, has the honor, therefore, to lay before the President a certified copy of the said convention, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification of the convention if his judgment approve thereof.

Respectfully submitted.

HENRY L. STIMSON.

DEPARTMENT OF STATE,  
Washington, December 12, 1930.

[Translation]

#### CONVENTION OF GENEVA OF JULY 27, 1929, FOR THE AMELIORATION OF THE CONDITION OF THE WOUNDED AND SICK OF ARMIES IN THE FIELD

The President of the German Reich, the President of the United States of America, the Federal President of the Republic of Austria, His Majesty the King of the Belgians, the President of the Republic of Bolivia, the President of the Republic of the United States of Brazil, His Majesty the King of Great Britain, Ireland, and the British Dominions Beyond the Seas, Emperor of India, His Majesty the King of the Bulgarians, the President of the Republic of Chile, the President of the Republic of China, the President of the Republic of Colombia, the President of the Republic of Cuba, His Majesty the King of Denmark and Iceland, the President of the Dominican Republic, His Majesty the King of Egypt, His Majesty the King of Spain, the President of the Republic of Estonia, the President of the Republic of Finland, the President of the French Republic, the President of the Hellenic Republic, His Serene Highness the Regent of Hungary, His Majesty the King of Italy, His Majesty the Emperor of Japan, the President of the Republic of Latvia, Her Royal Highness the Grand Duchess of Luxemburg, the President of the United States of Mexico, the President of the Republic of Nicaragua, His Majesty the King of Norway, Her Majesty the Queen of the Netherlands, His Imperial Majesty the Shah of Persia, the President of the Republic of Poland, the President of the Portuguese Republic, His Majesty the King of Rumania, His Majesty the King of the Serbs, Croats, and

Slovenes, His Majesty the King of Siam, His Majesty the King of Sweden, the Swiss Federal Council, the President of the Czechoslovak Republic, the President of the Turkish Republic, the President of the Oriental Republic of Uruguay, the President of the United States of Venezuela.

equally desirous of diminishing, so far as lies within their power, the evils inseparable from war, and wishing to perfect and complete, for this purpose, the provisions agreed upon at Geneva, August 22, 1864 and July 6, 1906 to ameliorate the condition of the wounded and the sick of armies in the field,

have decided to conclude a new Convention for this purpose, and have appointed the following as their plenipotentiaries, namely:

The President of the German Reich:

His Excellency Mr. Edmund Rhomberg, Doctor of Laws, Minister, unassigned;

The President of the United States of America:

The Honorable Eliot Wadsworth, former Assistant Secretary of the Treasury,

His Excellency the Honorable Hugh R. Wilson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Berne;

The Federal President of the Republic of Austria:

Mr. Marc Leitmaier, Doctor of Laws, Ministerial Counsellor at the Federal Chancellery, Department of Foreign Affairs;

His Majesty the King of the Belgians:

M. Paul Demolder, Surgeon General, Chief of the Medical Corps of the First Military District,

M. Joseph de Ruelle, Juris-consult of the Ministry of Foreign Affairs;

The President of the Republic of Bolivia:

His Excellency Mr. Alberto Cortadellas, Minister Resident of Bolivia at Berne;

The President of the Republic of the United States of Brazil:

His Excellency Mr. Raoul de Rio-Branco, Envoy Extraordinary and Minister Plenipotentiary of Brazil at Berne;

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the seas, Emperor of India:

For Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations:

The Right Honorable Sir Horace Rumbold, G. C. M. G., M. V. O., Ambassador of His Britannic Majesty at Berlin;

For the Dominion of Canada:

Mr. Walter Alexander Riddell, Permanent Counsellor of the Canadian Government near the League of Nations;

For the Commonwealth of Australia:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

For the Dominion of New Zealand:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

For the Union of South Africa:

Mr. Eric Hendrik Louw, High Commissioner of the Union of South Africa at London;

For the Irish Free State:

Mr. Sean Lester, Representative of the Irish Free State near the League of Nations;

For India:

His Excellency Mr. Claud Russell, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty at Berne;

His Majesty the King of the Bulgarians:

M. Dimitri Mikoff, Chargé d'Affaires of Bulgaria at Berne, Permanent Representative of the Bulgarian Government near the League of Nations,

M. Stéphane N. Laftchieff, Member of the Administrative Council of the Bulgarian Red Cross;



## The President of the Republic of Chile:

Mr. Guillermo Novoa-Sepulveda, Colonel, Military Attaché near the Legation of Chile at Berlin,  
Mr. Dario Pulgar-Arriagada, Captain in the Medical Corps;

## The President of the Republic of China:

Mr. Chi Yung Hsiao, Chargé d'Affaires ad interim of China at Berne;

## The President of the Republic of Colombia:

His Excellency Mr. Francisco José de Urrutia, Envoy Extraordinary and Minister Plenipotentiary of Colombia at Berne;

## The President of the Republic of Cuba:

His Excellency Mr. Carlos de Armenteros y de Cardenas, Envoy Extraordinary and Minister Plenipotentiary of Cuba at Berne,

Mr. Carlos Blanco y Sanchez, Secretary of Legation, attached to the Delegation of Cuba near the League of Nations;

## His Majesty the King of Denmark and Iceland for Denmark:

His Excellency Mr. Harald de Scavenius, Chamberlain, Envoy Extraordinary and Minister Plenipotentiary of Denmark in Switzerland and in the Netherlands, former Minister of Foreign Affairs,  
Mr. Gustave M. Rasmussen, Chargé d'Affaires ad interim of Denmark at Berne;

## The President of the Dominican Republic:

Mr. Charles Ackermann, Consul of the Dominican Republic at Geneva;

## His Majesty the King of Egypt:

Mr. Mohammed Abdel Moneim Riad, Avocat au Contentieux de l'État,<sup>1</sup> Professor of International Law at the Military School of Cairo,  
Mr. Henri Wassif Simaika, Attaché of the Royal Legation of Egypt at Rome;

## His Majesty the King of Spain:

His Excellency the Marquis de la Torrehermosa, Envoy Extraordinary and Minister Plenipotentiary of Spain at Berne;

## The President of the Republic of Estonia:

Mr. Hans Leesment, Doctor of Medicine, President of the Estonian Red Cross;

## The President of the Republic of Finland:

Mr. A. E. Martola, Lieutenant-Colonel, Military Attaché at the Legation of Finland at Paris;

## The President of the French Republic:

His Excellency Mr. Henri Chassain de Marcilly, Ambassador of France at Berne,  
Mr. Jean Du Sault, Counselor of the Embassy of France at Berne;

## The President of the Hellenic Republic:

Mr. Raphael Raphael, Chargé d'Affaires ad interim of Greece at Berne,  
Mr. Sophocle Venizelos, Lieutenant-Colonel, Military Attaché at the Legation of Greece at Paris;

## His Serene Highness the Regent of Hungary:

His Excellency Mr. Paul de Hevesy, Minister Resident, Permanent Delegate of the Royal Government near the League of Nations;

## His Majesty the King of Italy:

Mr. Giovanni Ciraolo, Senator of the Kingdom;

## His Majesty the Emperor of Japan:

His Excellency Mr. Isaburo Yoshida, Envoy Extraordinary and Minister Plenipotentiary of Japan at Berne,  
Mr. Sadamu Shimomura, Lieutenant-Colonel,  
Mr. Seizo Miura, Commander, Naval Attaché at the Embassy of Japan at Paris;

## The President of the Republic of Latvia:

His Excellency Mr. Charles Duzmans, Envoy Extraordinary and Minister Plenipotentiary of Latvia near His Majesty the King of the Serbs, Croats, and Slovenes, Permanent Delegate near the League of Nations,

His Excellency Mr. Oskar Voit, Envoy Extraordinary and Minister Plenipotentiary of Latvia in Switzerland, in Germany, in Hungary, and in the Netherlands;

Her Royal Highness the Grand Duchess of Luxemburg:  
M. Charles Vermaire, Consul of the Grand Duchy at Geneva;

## The President of the United States of Mexico:

His Excellency Mr. Francisco Castillo Nájera, Surgeon General, Envoy Extraordinary and Minister Plenipotentiary of Mexico at Brussels;

## The President of the Republic of Nicaragua:

Sr. Antoine Sottile, Doctor of Laws, Permanent Delegate of Nicaragua near the League of Nations;

## His Majesty the King of Norway:

His Excellency Mr. Johannes Irgens, Envoy Extraordinary and Minister Plenipotentiary of Norway at Berne, Rome, and Athens,  
Mr. Jens Christian Meinich, Commandant of Infantry, Secretary General of the Norwegian Red Cross;

## Her Majesty the Queen of the Netherlands:

His Excellency Mr. Eillem Isaac Doude van Troostwijk, Envoy Extraordinary and Minister Plenipotentiary of the Netherlands at Berne,  
Mr. Johan Carl Diehl, Major General, Surgeon General of the Medical Corps of the Army, Vice President of the Netherlands Red Cross,  
Mr. Jacob Harberts, Commandant on the General Staff, Professor at the Superior School of War;

## His Imperial Majesty the Shah of Persia:

His Excellency Mr. Anouchirevan Khan Sepahbodi, Envoy Extraordinary and Minister Plenipotentiary of Persia at Berne;

## The President of the Republic of Poland:

Mr. Joseph Gabriel Pracki, Surgeon Colonel,  
Mr. W. Jersey Babecki, Lieutenant-Colonel;

## The President of the Portuguese Republic:

His Excellency Mr. Vasco de Quevedo, Envoy Extraordinary and Minister Plenipotentiary of Portugal at Berne,  
Mr. Francisco de Calheiros e Menezes, First Secretary of Legation;

## His Majesty the King of Rumania:

His Excellency Mr. Michel B. Boeresco, Envoy Extraordinary and Minister Plenipotentiary of Rumania at Berne,  
Mr. Eugene Vertejano, Colonel, Staff Officer;

## His Majesty the King of the Serbs, Croats, and Slovenes:

His Excellency Mr. Ilija Choumenkovitch, Envoy Extraordinary and Minister Plenipotentiary of the Kingdom of the Serbs, Croats, and Slovenes, at Berne, Permanent Delegate near the League of Nations;

## His Majesty the King of Siam:

His Highness, Prince Varnvaidya, Envoy Extraordinary and Minister Plenipotentiary of Siam at London;

## His Majesty the King of Sweden:

His Excellency Mr. Karl Ivan Westman, Envoy Extraordinary and Minister Plenipotentiary of Sweden at Berne;

## The Swiss Federal Council:

Mr. Paul Dinichert, Minister Plenipotentiary, Chief of the Division of Foreign Affairs of the Federal Political Department,  
Mr. Carl Hauser, Colonel of the Sanitary Troops, Surgeon General of the Army,  
Mr. Anton Züblin, Infantry Colonel unassigned, Counselor,  
Mr. Roger de la Harpe, Lieutenant-Colonel of the Sanitary Troops, Surgeon,  
Mr. Dietrich Schindler, Major in the Judge Advocate General's Department, Professor of International Law at the University of Zurich;

<sup>1</sup> Counselor of the State Legal Department.



**President of the Czechoslovak Republic:**

His Excellency Mr. Zdenek Fierlinger, Envoy Extraordinary and Minister Plenipotentiary of Czechoslovakia at Berne;

**The President of the Turkish Republic:**

His Excellency Hassan Bey, Vice President of the Grand National Assembly of Turkey, Vice President of the Turkish Red Crescent,

His Excellency Nusret Bey, President of the Council of State of the Republic,

Professor Akil Moukhtar Bey, Doctor of Medicine, Dr. Abdulkadir Bey, Lieutenant-Colonel, Military Surgeon, Professor at the School of Application and at the Hospital of Gulhane;

**The President of the Oriental Republic of Uruguay:**

His Excellency Mr. Alfredo de Castro, Envoy Extraordinary and Minister Plenipotentiary of Uruguay at Berne;

**The President of the Republic of the United States of Venezuela:**

His Excellency Mr. Caracciolo Parra-Pérez, Envoy Extraordinary and Minister Plenipotentiary of Venezuela at Rome,

Mr. Ivan Manuel Hurtado-Machado, a Chargé d'Affaires ad interim of Venezuela at Berne;

Who, after having communicated to each other their full powers, found to be in good and due form, have agreed as follows:

**CHAPTER I. THE WOUNDED AND SICK****ARTICLE 1**

Officers, soldiers, and other persons officially attached to the armies who are wounded or sick shall be respected and protected in all circumstances; they shall be humanely treated and cared for without distinction of nationality by the belligerent in whose power they are.

A belligerent, however, when compelled to leave his wounded or sick in the hands of his adversary, shall leave with them, so far as military exigencies permit, a portion of the personnel and matériel of his sanitary service to assist in caring for them.

**ARTICLE 2**

Subject to the care that must be taken of them under the preceding article, the wounded and sick of an army who fall into the power of the other belligerent shall become prisoners of war, and the general rules of international law in respect to prisoners of war shall become applicable to them.

The belligerents shall remain free, however, to agree upon such clauses to the benefit of the wounded and sick prisoners as they may deem of value over and above already existing obligations.

**ARTICLE 3**

After every engagement, the belligerent who remains in possession of the field of battle shall take measures to search for the wounded and the dead and to protect them from robbery and ill-treatment.

A local armistice or cessation of fire to enable the removal of wounded left between the lines shall be arranged whenever circumstances permit.

**ARTICLE 4**

Belligerents shall mutually forward to each other as soon as possible the names of the wounded, sick and dead taken in charge or discovered by them, as well as all indications which may serve for their identification.

They shall draw up and forward to each other death certificates.

They shall collect and likewise forward to each other all objects of personal use found on the field of battle or on the dead, especially one-half of their identity plaque, the other half remaining attached to the body.

They shall see that a careful examination, if possible, medical, is made of the bodies of the dead prior to their interment or cremation, with a view to verifying their death, establishing their identity, and in order to be able to furnish a report thereon.

They shall further see that they are honorably buried and that the graves are treated with respect and may always be found again.

For this purpose, and at the outbreak of hostilities, they shall officially organize a service of graves in order to render any later exhumation possible and to make certain of the identity of bodies even though they may have been moved from grave to grave.

Upon the termination of hostilities, they shall exchange lists of graves and of dead buried in their cemeteries and elsewhere.

**ARTICLE 5**

The military authority may make an appeal to the charitable zeal of the inhabitants to receive and, under its supervision, to care for, the wounded or sick of the armies, granting to persons responding to such appeals special protection and certain facilities.

**CHAPTER II. SANITARY FORMATIONS AND ESTABLISHMENTS****ARTICLE 6**

Mobile sanitary formations, i. e., those which are intended to accompany armies in the field, and the fixed establishments belonging to the sanitary service shall be protected and respected by the belligerents.

**ARTICLE 7**

The protection due to sanitary formations and establishments shall cease if they are used to commit acts injurious to the enemy.

**ARTICLE 8**

A sanitary formation or establishment shall not be deprived of the protection accorded by Article 6 by the fact:

1. that the personnel of a formation or establishment is armed and uses its arms in self-defense or in defense of its wounded and sick;

2. that in the absence of armed hospital attendants the formation is guarded by an armed detachment or by sentinels;

3. that hand firearms or ammunition taken from the wounded and sick and not yet turned over to the proper authorities are found in the formation or establishment;

4. that there is found in the formation or establishment personnel or matériel of the veterinary service which does not integrally belong to it.

**CHAPTER III. PERSONNEL****ARTICLE 9**

The personnel charged exclusively with the removal, transportation, and treatment of the wounded and sick, as well as with the administration of sanitary formations, and establishments, and the chaplains attached to armies, shall be respected and protected under all circumstances. If they fall into the hands of the enemy, they shall not be treated as prisoners of war.

Military personnel which has received special instructions to be used when necessary as auxiliary attendants or litter bearers in the removal, transportation and treatment of the wounded and sick, and bearing an identification document, shall benefit by the same conditions as the permanent sanitary personnel if they are captured at the moment when they are fulfilling these functions.

**ARTICLE 10**

The personnel of volunteer aid societies, duly recognized and authorized by their Government, who are employed in the same functions as the personnel contemplated in Article 9, paragraph 1, are assimilated to that personnel upon condition that the said societies shall be subject to military laws and regulations.

Each High Contracting Party shall make known to the other, either in time of peace or at the opening or during the progress of hostilities, and in any case before actual employment, the names of the societies which it has authorized to render assistance, under its responsibility, in the official sanitary service of its armies.

**ARTICLE 11**

A recognized society of a neutral country may only lend the services of its sanitary personnel and formations to a



belligerent with the prior consent of its own Government and the authority of such belligerent.

The belligerent who has accepted such assistance shall be required to notify the enemy before making any use thereof.

#### ARTICLE 12

The persons described in Article 9, 10 and 11 may not be detained after they have fallen into the power of the adversary.

Unless there is an agreement to the contrary, they shall be sent back to the belligerent to whose service they are attached as soon as a way is open for their return and military exigencies permit.

While waiting to be returned, they shall continue in the exercise of their functions under the direction of the adversary; they shall be assigned preferably to the care of the wounded and sick of the belligerent to whose service they are attached.

At the time of their departure they may carry with them such effects, instruments, arms and means of transport as belong to them.

#### ARTICLE 13

While they remain in their power, belligerents shall secure to the personnel mentioned in Articles 9, 10 and 11, the same maintenance and quarters, pay and allowances, as to persons of corresponding rank in their own armies.

At the outbreak of hostilities the belligerents shall reach an understanding on the corresponding ranks of their sanitary personnel.

### CHAPTER IV. BUILDINGS AND MATÉRIEL

#### ARTICLE 14

If mobile sanitary formations, whatever may be their nature, fall into the power of the adversary, they shall retain their matériel, their means of transportation, and their conducting personnel.

The competent military authority, however, shall have the right to employ them in caring for the wounded and sick; restitution shall take place in accordance with the conditions prescribed for the sanitary personnel and as far as possible at the same time.

#### ARTICLE 15

Buildings and matériel pertaining to fixed sanitary establishments of the army shall remain subject to the laws of war, but may not be diverted from their use so long as they are necessary for the wounded and sick.

However, commanders of troops engaged in operations may use them in case of urgent military necessity if, before such use, the wounded and sick treated there have been provided for.

#### ARTICLE 16

The buildings of aid societies admitted to the benefits of the Convention shall be regarded as private property.

The matériel of these societies, irrespective of its location, shall likewise be regarded as private property.

The right of requisition recognized to belligerents by the laws and customs of war shall be exercised only in case of urgent necessity and after the wounded and sick have been provided for.

### CHAPTER V. SANITARY TRANSPORTS

#### ARTICLE 17

Vehicles equipped for sanitary evacuation travelling singly or in convoy shall be treated as mobile sanitary formations subject to the following special provisions:

A belligerent intercepting sanitary transportation vehicles, traveling either singly or in convoy, may, if required by military necessity, stop them and break up the convoy, charging himself in all cases with the care of the wounded and sick whom it contains. He may only utilize such vehicles in the sector wherein they were intercepted and exclusively for sanitary needs. When their local mission is at an end, these vehicles must be returned under the conditions stipulated in Article 14.

Military personnel assigned by competent orders for sanitary transportation purposes shall be returned under the conditions stipulated in Article 12 for sanitary personnel, and subject to the provisions of paragraph 6 of Article 18.

All means of transportation especially organized for evacuation purposes, as well as their appurtenances attached to the sanitary service, shall be returned in conformity with the provisions of Chapter IV.

Military means of transportation and their teams, other than those belonging to the sanitary service, may be captured.

The civil personnel and all means of transportation obtained by requisition shall be subject to the general rules of international law.

#### ARTICLE 18

Aircraft used as a means of sanitary transportation shall enjoy the protection of the Convention during such time as they are exclusively reserved for the evacuation of wounded and sick and for the transportation of sanitary personnel and matériel.

They shall be painted in white and shall bear clearly visible the distinctive sign mentioned in Article 19 alongside of the national colors on their upper and lower surfaces.

Excepting with special and express permission, a flight over the firing-line, as well as over the zone situated in front of the major medical dressing stations, and in general over any territory under the control of or occupied by the enemy shall be forbidden.

Sanitary aircraft must comply with all summons to land.

In the case of a landing thus required or made accidentally upon territory occupied by the enemy, the wounded and sick, as well as the sanitary personnel and matériel, including the aircraft, shall benefit by the provisions of the present Convention.

The pilot, mechanics, and wireless operators who have been captured shall be returned on condition of only being utilized in the sanitary service until the termination of hostilities.

### CHAPTER VI. THE DISTINCTIVE SIGN

#### ARTICLE 19

Out of respect to Switzerland the heraldic emblem of the red cross on a white ground, formed by the reversal of the Federal colors, is continued as the emblem and distinctive sign of the sanitary service of armies.

However, for countries which already use, as a distinctive sign, in place of the red cross, the red crescent or the red lion and sun on a white field, these emblems shall likewise be recognized within the meaning of the present Convention.

#### ARTICLE 20

The emblem shall appear on flags and brassards, as well as upon all matériel, appertaining to the sanitary service, with the permission of the competent military authority.

#### ARTICLE 21

The personnel protected in virtue of the first paragraph of Article 9 and Articles 10 and 11 shall wear attached to the left arm a brassard bearing the distinctive sign, issued and stamped by a competent military authority.

The personnel mentioned in Article 9, paragraphs 1 and 2, shall be furnished with an identification paper consisting either of an inscription in their military booklet or a special document.

Persons mentioned in paragraphs 10 and 11 who do not wear military uniform shall be furnished by competent military authority with a certificate of identity containing their photograph and attesting to their sanitary status.

Identification documents must be uniform and of the same type in each army.

The sanitary personnel may in no case be deprived of their insignia nor of their own identification papers.

In case of loss they shall have the right to obtain duplicates.

#### ARTICLE 22

The distinctive flag of the Convention may only be displayed over the sanitary formations and establishments which the Convention provides shall be respected, and with the consent of the military authorities. In fixed establishments it shall, and in mobile formations it may, be accompanied by the national flag of the belligerent to whose service the formation or establishment is attached.



Sanitary formations which have fallen into the power of the enemy, however, shall fly no other flag than that of the Convention as long as they continue in that situation.

The belligerents, in so far as military exigencies allow, shall take such measures as may be necessary to render the distinctive emblems marking sanitary formations and establishments plainly visible to the land, air and sea forces of the enemy, with a view to preventing the possibility of any aggressive action.

## ARTICLE 23

The sanitary formations of neutral countries which, under the conditions set forth in Article 11, have been authorized to render their services, shall fly with the flag of the convention, the national flag of the belligerent to which they are attached.

They shall have the right during such time as they are rendering service to a belligerent to fly their own national flag also.

The provisions of the second paragraph of the preceding article are applicable to them.

## ARTICLE 24

The emblem of the red cross on a white ground and the words *Red Cross* or *Geneva Cross* may only be used, whether in time of peace or war, to protect or designate sanitary formations and establishments, the personnel and matériel protected by the Convention.

The same shall apply with respect to the emblems mentioned in the second paragraph of Article 18 for such countries as use them.

Moreover, the volunteer aid societies provided for under Article 10 may, in conformity with their national legislation, employ the distinctive emblem for their humanitarian activities in time of peace.

As an exceptional measure and with the specific authorization of one of the national Red Cross Societies, (*Red Crescent*, *Red Lion and Sun*) the use of the emblem of the Convention may be allowed in peace time to designate the location of relief stations reserved exclusively to giving free assistance to wounded or sick.

## CHAPTER VII. THE APPLICATION AND EXECUTION OF THE CONVENTION

## ARTICLE 25

The provisions of the present Convention shall be respected by the High Contracting Parties under all circumstances.

If, in time of war, a belligerent is not a party to the Convention, its provisions shall nevertheless remain in force as between all the belligerents who are parties to the Convention.

## ARTICLE 26

It shall be the duty of the commanders-in-chief of the belligerent armies to provide for the details of execution of the foregoing articles, as well as for unforeseen cases, in accordance with the instructions of their respective Governments, and conformably to the general principles of this Convention.

## ARTICLE 27

The High Contracting Parties shall take the necessary steps to acquaint their troops, and particularly the protected personnel, with the provisions of this Convention, and to make them known to the people at large.

## CHAPTER VIII. THE REPRESSION OF ABUSES AND INFRACTIONS

## ARTICLE 28

The Governments of the High Contracting Parties whose legislation may not now be adequate shall take or shall recommend to their legislatures such measures as may be necessary at all times:

a) to prevent the use by private persons or by societies other than those upon which this Convention confers the right thereto, of the emblem or of the name of the *Red Cross* or *Geneva Cross*, as well as any other sign or designation constituting an imitation thereof, whether for commercial or other purposes;

b) by reason of the homage rendered to Switzerland as a result of the adoption of the inverted Federal colors, to prevent the use, by private persons or by organizations, of the arms of the Swiss Confederation or of signs constituting an

imitation thereof, whether as trademarks, commercial labels, or portions thereof, or in any way contrary to commercial ethics, or under conditions wounding Swiss national pride.

The prohibition mentioned in subparagraph (a) of the use of signs or designations constituting an imitation of the emblem or designation of the *Red Cross* or *Geneva Cross*, as well as the prohibition mentioned in subparagraph (b) of the use of the arms of the Swiss Confederation or signs constituting an imitation thereof, shall take effect from the time set in each act of legislation and at the latest five years after this Convention goes into effect. After such going into effect it shall be unlawful to take out a trademark or commercial label contrary to such prohibitions.

## ARTICLE 29

The Governments of the High Contracting Parties whose penal laws may not be adequate, shall likewise take or recommend to their legislatures the necessary measures to repress in time of war all acts in contravention of the provisions of the Convention.

They shall communicate to one another through the Swiss Federal Council the measures taken with a view to such repression, not later than five years from the ratification of the present Convention.

## ARTICLE 30

At the request of a belligerent, an investigation must be held, in such manner as shall be agreed upon by the interested parties, concerning any alleged violation of the convention; whenever such a violation is proved, the belligerents shall put an end to it and repress it as promptly as possible.

## FINAL PROVISIONS

## ARTICLE 31

The present Convention, which will bear the date of this day, may be signed up to February 1, 1930, on behalf of all the countries represented at the Conference which opened at Geneva on July 1, 1929, as well as by the countries not represented at the Conference which are parties to the Conventions of 1864 or of 1906.

## ARTICLE 32

The present Convention shall be ratified as soon as possible. The ratifications shall be deposited at Berne.

A record of the deposit of each instrument of ratification shall be prepared, a duly-certified copy of which shall be forwarded by the Swiss Federal Council to the Governments of all the countries on whose behalf the Convention has been signed or notification of adhesion made.

## ARTICLE 33

The present Convention shall become effective six months after the deposit of at least two instruments of ratification.

Subsequently, it shall become effective for each High Contracting Party six months after the deposit of its instrument of ratification.

## ARTICLE 34

The present Convention shall replace the Conventions of August 22, 1864 and of July 6, 1906, in the relations between the High Contracting Parties.

## ARTICLE 35

From the date on which it becomes effective, the present Convention shall be open for adhesions given on behalf of any country in whose name this Convention was not signed.

## ARTICLE 36

Adhesions shall be given by written notification addressed to the Swiss Federal Council and shall take effect six months after the date of their receipt.

The Swiss Federal Council shall communicate adhesions to the Governments of all the countries on whose behalf the Convention was signed or notification of adhesion made.

## ARTICLE 37

A state of war shall give immediate effect to ratifications deposited or adhesions notified by belligerent Powers prior to or after the outbreak of hostilities. The communication of ratifications or adhesions received from Powers at war shall be made by the Swiss Federal Council by the most rapid method.



## ARTICLE 38

Each of the High Contracting Parties shall have the right to denounce the present Convention. The denunciation shall not take effect until one year after notification has been made in writing to the Swiss Federal Council. The latter shall communicate such notification to the Governments of all the High Contracting Parties.

The denunciation shall have effect only with respect to the High Contracting Party which gave notification of it.

Moreover, such denunciation shall not take effect during a war in which the denouncing Power is involved. In this case, the present Convention shall continue in effect, beyond the period of one year, until the conclusion of peace.

## ARTICLE 39

A duly certified copy of the present Convention shall be deposited in the archives of the League of Nations by the Swiss Federal Council. Likewise, ratifications, adhesions, and denunciations of which the Swiss Federal Council has been notified shall be communicated by it to the League of Nations.

In faith whereof, the Plenipotentiaries named above have signed the present Convention.

Done at Geneva, the twenty-seventh of July, one thousand nine hundred and twenty-nine, in a single copy, which shall remain in the archives of the Swiss Confederation and duly certified copies of which shall be forwarded to the Governments of all the countries invited to the Conference.

For Germany:

EDMUND RHOMBERG

For the United States of America:

ELIOT WADSWORTH

HUGH R. WILSON

For Austria:

LEITMAIER

For Belgium:

DR. DEMOLDER

J. DE RUELE

For Bolivia:

A. CORTADELLAS

For Brazil:

RAUL DO RIO-BRANCO

For Great Britain and Northern Ireland and all parts of the British Empire, which are not separate members of the League of Nations:

I declare that the signature which I affix to this Convention for Great Britain and Northern Ireland and all parts of the British Empire which are not separate members of the League of Nations is given with the reservation that His Britannic Majesty interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used, the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to employ such arms or signs for the same purpose.

HORACE RUMBOLD

For Canada:

I declare that the signature which I affix to this Convention for Canada is given with the reservation that the Government of the Dominion of Canada interprets Article 28 of the Convention to mean that the legislative provisions contemplated in this article may provide that the individuals, associations, and societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to employ such arms or signs for the same purpose.

W. A. RIDDELL

For Australia:

I declare that the signature which I affix to this Convention for Australia is given with the reservation that the Government of the Commonwealth of Australia interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms and societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For New Zealand:

I declare that the signature which I affix to this Convention for New Zealand is given with the reservation that the Government of New Zealand interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this Article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For South Africa:

ERIC H. LOUW

For the Irish Free State:

I declare that the signature which I affix to this convention for the Irish Free State is given with the reservation that it interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

SEAN LESTER

For India:

I declare that the signature which I affix to this Convention for the Government of India is given with the reservation that the Government of India interprets Article 28 of the Convention as meaning that the legislative provisions contemplated in this article may provide that the individuals, associations, firms or societies that shall, before the present Convention goes into effect, have used the arms of the Swiss Confederation, or signs constituting an imitation of the said arms, for any legal purpose, shall not be prevented from continuing to use such arms or signs for the same purpose.

CLAUD RUSSELL

For Bulgaria:

D. MIKOFF

STEPHAN N. LAFTCHIEFF

For Chile:

GUILLERMO NOVOA

D. PULGAR

For China:

C. Y. HSIAO

For Colombia:

FRANCISCO JOSE URRUTIA

For Cuba:

CARLOS DE ARMENTEROS

CARLOS BLANCO

For Denmark:

HARALD SCAVENIUS

GUSTAV RASMUSSEN



For the Dominican Republic:  
CH. ACKERMAN

For Egypt:  
MOHAMMED ABDEL MONEIM RIAD  
H. W. M. SIMAIKA

For Spain:  
Ad Referendum  
MAURICIO LOPEZ ROBERTS Y TERRY,  
*Marquis de la Torrehermosa*

For Estonia:  
DR. LEESMENT

For Finland:  
A. E. MARTOLA

For France:  
H. DE MARCILLY  
J. DU SAULT

For Greece:  
R. RAPHAEL  
S. VENISELOS

For Hungary:  
PAUL DE HEVESY

For Italy:  
GIOVANNI CIRAOLO

For Japan:  
While accepting in principle the provisions of Article 28, Japan makes reservations as to the date of enforcing the interdiction provided for under letter b of the said article. Japan understands that this interdiction does not apply to arms and signs which may have been in use or registered before it goes into effect. The delegates of Japan sign the present Convention with the above mentioned reservations.  
ISABURO YOSHIDA  
S. SHIMOMURA  
S. MIURA

For Latvia:  
CHARLES DUZMANS  
DR. OSKAR VOIT

For Luxembourg:  
CH. G. VERMAIRE

For Mexico:  
FRANCISCO CASTILLO NAJERA

For Nicaragua:  
A. SOTTILE

For Norway:  
J. IRGENS  
JENS MEINICH

For the Netherlands:  
W. DOUDE VAN TROOSTWIJK  
DR. DIEHL  
J. HARBERTS

For Persia:  
ANOUCHEREVAN SEPAHBODI

For Poland:  
JÓSEF G. PRACKI  
W. JERZY BABECKI

For Portugal:  
VASCO DE QUEVEDO  
F. DE CALHEIROS E MENEZES

For Rumania:  
M. B. BOERRESCO  
COLONEL E. VERTEJANO

For the Kingdom of the Serbs, Croats, and Slovenes:  
I. CHOUMENKOVITCH

For Siam:  
VARNAIDYA

For Sweden:  
K. I. WESTMAN

For Switzerland:  
PAUL DINICHERT  
DE LA HARPE  
HAUSER  
ZÜBLIN  
SCHINDLER

For Czechoslovakia:  
ZDENEK FIERLINGER

For Turkey:  
HASSAN  
DR. ABDULKADIR  
N. NUSRET  
DR. AKIL MOUKHTAR

For Uruguay:  
ALFREDO DE CASTRO

For Venezuela:  
C. PARRA-PÉREZ  
I. M. HURTADO-MACHADO

Certified to be a true copy:

PAUL DINICHERT,  
*Chief of the Division of Foreign Affairs  
of the Federal Political Department.*

Mr. BORAH. Mr. President, this treaty is along the same lines as the other, except that it deals with the wounded and sick instead of with prisoners.

The treaty was reported to the Senate without amendment.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the ratification of the treaty? [Putting the question.] Two-thirds of the Senators present concurring therein, the Senate advises and consents to the ratification of the treaty.

#### RECESS

Mr. McNARY. As in legislative session, I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 32 minutes p. m.) the Senate took a recess until to-morrow, Friday, January 8, 1932, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate January 7, 1932*

##### UNITED STATES MARSHALS

James A. Stafford, of Alabama, to be United States marshal, southern district of Alabama. (He is now serving in this position under an appointment which expires January 16, 1932.)

Charles N. Hildreth, jr., of Florida, to be United States marshal, southern district of Florida. (He is now serving in this position under an appointment by the court.)

##### APPOINTMENTS IN THE REGULAR ARMY

###### *To be major general*

Brig. Gen. Edgar Thomas Collins, from June 1, 1932, vice Maj. Gen. John L. Hines, to be retired from active service May 31, 1932.

###### *To be brigadier generals*

Col. Julian Robert Lindsey, Cavalry, from January 1, 1932, vice Brig. Gen. Henry J. Hatch, died December 31, 1931.

Col. Perry Lester Miles, Infantry, from February 1, 1932, vice Brig. Gen. William P. Jackson, to be retired from active service January 31, 1932.

Col. Louis Meredith Nuttman, Infantry, vice Brig. Gen. Campbell King, to be appointed major general, May 1, 1932.

Col. Harry Burgess, Corps of Engineers, vice Brig. Gen. Edgar T. Collins, nominated for appointment as major general, from June 1, 1932.

Col. Robert Swepston Abernethy, Coast Artillery Corps, from October 1, 1932, vice Brig. Gen. William S. McNair, to be retired from active service September 30, 1932.

Col. Alfred Theodore Smith, Infantry, from January 1, 1933, vice Brig. Gen. Paul A. Wolf, to be retired from active service December 31, 1932.

*To be Chief of Finance, with the rank of major general, for a period of four years from date of acceptance, with rank from April 23, 1932*

Col. Frederick William Coleman, Finance Department, vice Maj. Gen. Roderick L. Carmichael, Chief of Finance, whose term of office expires April 22, 1932.



*To be Assistant to the Chief of the Air Corps, with the rank of brigadier general, for a period of four years from date of acceptance, with rank from December 22, 1931.*

Lieut. Col. Oscar Westover, Air Corps, vice Brig. Gen. Benjamin D. Foulois, Assistant to the Chief of the Air Corps, appointed Chief of the Air Corps, December 22, 1931.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate January 7, 1932*

#### CONSULS GENERAL

W. Roderick Dorsey to be consul general.

Emil Sauer to be consul general.

FOREIGN SERVICE OFFICER, UNCLASSIFIED, VICE CONSUL OF CAREER AND SECRETARY IN THE DIPLOMATIC SERVICE

Stephen E. Aguirre to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

Overton G. Ellis to be Foreign Service officer, unclassified, vice consul of career and secretary in the Diplomatic Service.

#### UNITED STATES ATTORNEY

Leroy M. Sullivan to be United States attorney, district of Alaska, division No. 2.

#### POSTMASTERS

##### ALASKA

Earl T. Stannard, Latouche.

##### ARIZONA

Leonard D. Redfield, Benson.

Harry G. White, Glendale.

Luther Cadwell, Holbrook.

Henry M. Hall, Mesa.

Myrtle Prophet, Oatman.

George H. Staiger, Ray.

James R. Welker, Safford.

Anna M. Hall, San Simon.

Dilworth Baird, Tempe.

Lwella L. Reneer, Thatcher.

Charles G. Montgomery, Whiteriver.

Chester A. Williamson, Willcox.

Warren O. Perkins, Williams.

Alfred R. Kleindienst, Winslow.

##### GEORGIA

Ralph A. Waters, Alpharetta.

Lucius Hannon, Atco.

James A. Brackett, Blairsville.

Elizabeth H. Quinn, Barnesville.

Floy D. Walker, Blue Ridge.

William B. King, Bluffton.

Joseph D. Long, Bremen.

Martha C. Aultman, Byron.

Jesse S. Weathers, Cairo.

Robert H. Ridgway, Canon.

Alexander Davidson, Cleveland.

Fred Fitts, Dahlgonega.

Horace T. George, Eatonton.

James H. McCowen, Forsyth.

William C. Chambers, Fort Gaines.

Charles H. Crumbley, Greensboro.

Lois Horton, Guyton.

John H. Cash, Hapeville.

Sara B. Fox, Harlem.

Joseph O. Rodgers, Homerville.

George D. Griffith, Kinderlough.

James C. Perry, Kingsland.

Vennie M. Jones, Lavonia.

Kate Harris, Leesburg.

Clifton O. Lloyd, Lindale.

Theron E. Watson, Lithonia.

Christine P. Hankinson, McDonough.

Benjamin N. Walters, Martin.

Huram R. Hancock, Maysville.

Effie Hambleton, Meigs.

Reis A. Martin, Milner.

Marcus G. Keown, Mount Berry.

Minnie P. Abt, Mount Vernon.

J. Stanley Newton, Norman Park.

May Mixon, Patterson.

Marie E. Harrell, Pearson.

Joe B. Saunders, Ringgold.

Baxter Sutton, Rochelle.

Eugene H. Wood, Roswell.

Gordon G. Ridgway, Royston.

Isaac F. Arnow, St. Marys.

Watson K. Barger, Sardis.

James M. Wright, Screven.

Arthur F. West, Shannon.

William V. Cobb, Smyrna.

Claude M. Proctor, Summit.

Morine Allgood, Temple.

William B. Smith, Tennille.

Halton L. Dayton, Thomaston.

Paul J. Ridgway, Toccoa.

Frank H. Moxley, Wadley.

Rebie I. Corbin, Warrenton.

Walter A. Seaman, Waycross.

#### HAWAII

Charles S. Ishii, Kamuela.

Antone Fernandez, Kekaha.

Arthur W. Carlson, Lanai City.

Virginia S. Mathias, Waiakoa.

Antone F. Costa, Wailuku.

Louis P. Lino, Waipahu.

#### IDAHO

Iva F. Madden, Cascade.

Arthur D. Kelley, Challis.

Ward Evans, Craigmont.

Benjamin H. Thomas, Dubois.

Vida I. Perry, Elk City.

Herbert L. Spencer, Paris.

Carrie M. Shortlidge, Peck.

#### ILLINOIS

Wilbur G. Black, Aledo.

Raymond C. Moon, Annawan.

Nancy Michael, Argo.

H. Melville Potter, Ashley.

Earl W. Nichols, Assumption.

Claude I. Miller, Atlanta.

Joseph J. Janda, Berwyn.

George W. Mockmore, Camp Point.

Harold B. Hamilton, Carlock.

Charles H. Collins, Casey.

Charles V. Champion, sr., Catlin.

Richard Tyer, Cave in Rock.

Clarence Duckles, Chesterfield.

Clarence L. Kiger, Cisne.

Jessie L. Wilson, Dalton City.

William C. Lewman, Danville.

Ruby R. Remick, Earlville.

Edith M. Tuxhorn, Edwardsville.

Eldon P. Fleming, Fairfield.

William F. Temple, Fairmount.

William M. Karr, Flora.

Walter J. Fagan, Flossmoor.

William W. Ramsey, Galatia.

John J. Lord, Galva.

August F. Kietzman, Gilman.

Claire A. Harlan, Girard.

George F. Sutton, Harvey.

Earl Cory, Hazel Crest.

Ralph K. Munro, Heyworth.

George H. Bargh, Kinmundy.

Allen C. Stoltz, Lawrenceville.

Frank E. Fairlamb, Leaf River.

Fred C. Whisler, Mackinaw.

William L. Beebe, Manito.

Mode Morrison, Manteno.

William H. Blakely, Milan.



John W. Meierhofer, Minonk.  
 Alonzo M. Spaeth, Mount Carmel.  
 Henry J. Troeger, Mount Olive.  
 William E. Tharp, Nashville.  
 James H. Cawthon, Oakwood.  
 Lawrence P. Ready, Odell.  
 Wales S. Stamper, Olympia Fields.  
 Bernie N. Griffin, Patoka.  
 Ulysses S. G. Blakely, Plainfield.  
 Alice G. Dunbar, Prairie City.  
 Henry L. Haynes, Ramsey.  
 Florence Roseberry, Riverton.  
 Leverett E. Phelps, Shelbyville.  
 Albert L. Pickel, Springfield.  
 Margaret O. Wolff, Steger.  
 Bond B. Blackman, Stonefort.  
 Harold M. Lathrop, Sumner.  
 Herman A. Eisenmayer, Trenton.  
 William C. Karr, Vermont.  
 Ernest L. Crain, Villa Ridge.  
 Henry Zobel, Warsaw.  
 Walter W. Lesch, Washburn.  
 Vernon G. Keplinger, Waverly.  
 Lloyd R. Winn, White Hall.  
 Herbert Tucker, Williamsfield.  
 Nathan S. Doty, jr., Williamsville.

## MAINE

Asa H. Hodgkins, Bar Harbor.  
 Ernest L. Harmon, Biddeford.  
 Cleveland P. Curtis, Bowdoinham.  
 Everett E. Brown, Brooks.  
 Leslie D. Ames, Camden.  
 Mark W. McGown, Carmel.  
 Fred A. Pitts, Damariscotta.  
 Everett M. Vannah, East Boothbay.  
 Sarah J. Jordan, Ellsworth Falls.  
 Harry B. Brown, Farmington.  
 John E. Sargent, Fryeburg.  
 Stephen H. Ward, Kennebunk Port.  
 George D. Vose, Kingfield.  
 Charles E. Perry, Kittery Point.  
 Walter B. Stone, Lovell.  
 Mary G. Kennison, Madison.  
 Bernice E. Morse, North Jay.  
 Clarice O. Small, Ridgelyville.  
 Alice C. Havener, Searsport.  
 Earle R. Clifford, South Paris.  
 George H. Hopkins, Stockton Springs.  
 Frank O. Wellcome, Yarmouth.

## MICHIGAN

Maurice Kenel, Ahmeek.  
 Roy W. Maddock, Benzonia.  
 Joseph L. Gotta, Bessemer.  
 Claud E. Ford, Caledonia.  
 Hilda M. Hammer, Carney.  
 Martin Donahue, Center Line.  
 Lew E. Davy, Clare.  
 Gladys E. Daniels, Coleman.  
 Robert D. Gifford, Eaton Rapids.  
 George H. Florian, Grand Junction.  
 Frank E. Darby, Kalkaska.  
 Arthur O. Drevdahl, Manistique.  
 Cornelius G. Schuur, Marne.  
 Kate Turner, Michigan Center.  
 Victor Gustafson, Nahma.  
 Gwendolyn E. Stockman, Oscoda.  
 John F. Reed, Ravenna.  
 Mattie D. Read, Richland.  
 Napoleon Valrance, Rockwood.  
 Theodore C. Bruning, Rogers City.  
 Louis A. Lowen, Roseville.

## NEW HAMPSHIRE

Willard R. Heath, Concord.  
 Louis T. Pike, Pike.

## NORTH DAKOTA

Leo Rolle, Brinsmade.  
 James Taylor, Cando.  
 Martin Olsen, Devils Lake.  
 Earl M. Sanness, Enderlin.  
 Louis Hansen, Esmond.  
 Hugh H. Parsons, Fessenden.  
 Otto Gackle, Fredonia.  
 William D. Sinclair, Hannaford.  
 Clarence O. Abrahamsen, Kathryn.  
 Louie L. Gardner, Langdon.  
 Nellie E. Gagner, Lignite.  
 Alice Stewart, Linton.  
 Francis R. Cruden, McHenry.  
 Jens B. Dyrud, Maddock.  
 Albert M. Marchand, Rolla.  
 Ralph H. McKean, Sanborn.  
 Carl L. George, Searles.  
 Bridget A. Hennessy, Tolna.  
 Albert J. Drake, Westhope.

## OHIO

Thomas D. Ziggafos, Albany.  
 Edwin E. Foster, Amherst.  
 Mark E. Miller, Ashtabula.  
 Henry J. Snyder, Ashville.  
 Harold E. Simon, Barberton.  
 Robert O. Cady, Bay Village.  
 Ambrose B. Wingate, Beach City.  
 Ralph P. Crane, Bowling Green.  
 Matthew C. Morrison, Bradner.  
 Effie W. Mansfield, Brilliant.  
 Carl A. Brown, Bucyrus.  
 Henry A. Taylor, Cleveland.  
 Starling F. Trimble, Crestline.  
 Arthur M. Eidson, Cygnet.  
 Lawrence W. Hall, East Sparta.  
 John W. Darling, Elmore.  
 Robert B. Lersch, Elyria.  
 Florence Hilgefert, Fort Loramie.  
 Guy W. Reuter, Fort Recovery.  
 James G. Lewis, Girard.  
 Fred Brockmeyer, Glendale.  
 Charles S. Brown, Glenmont.  
 Bertha M. Rising, Grafton.  
 Edward L. Jones, Granville.  
 Fred B. Reed, Green Springs.  
 Warren H. Noble, Greenwich.  
 Jennie Pfeiffer, Grover Hill.  
 William H. Tracy, Harrison.  
 Wilber S. Bush, Jeffersonville.  
 Alpheus E. Huls, Logan.  
 Lincoln A. Slusser, Louisville.  
 Garnet E. Sharp, McArthur.  
 Francis M. Fletcher, McComb.  
 Elmyra L. Griswold, Macedonia.  
 Charles E. Penquite, Mason.  
 Harry E. Coil, Mendon.  
 Anna Heise, Middle Bass.  
 Pearl C. Brown, Middlefield.  
 French C. Stillings, Milford Center.  
 Elmer W. Armstrong, Monroeville.  
 Edwin S. Randolph, Newark.  
 Harry M. Day, New Richmond.  
 Albert S. Nye, New Washington.  
 John M. Harmon, Oakwood.  
 Marshall O. Brooke, Peebles.  
 Charles E. Morris, Philo.  
 Victor Ferrari, Piney Fork.  
 George A. Fisher, Port Clinton.  
 Harry A. Doerr, Portsmouth.  
 Lema M. Collins, Proctorville.  
 Clarence R. Seymour, Ravenna.  
 Lloyd B. Folk, Rawson.  
 Harry W. Hayes, Reynoldsburg.  
 Helen M. McGuire, Rudolph.



Fred O. Foster, Seville.  
 Charles M. Sauder, Smithville.  
 M. Margaret Searl, South Webster.  
 Elmer E. Weaver, Sugarcreek.  
 Oral H. Hilborn, Tiro.  
 Raymond M. Swank, Trotwood.  
 Karl H. Hale, Upper Sandusky.  
 Ralph L. Stamm, Versailles.  
 George P. Ewing, Vinton.  
 George W. Hassenier, Wapakoneta.  
 Robert D. Fisher, Warrensville.  
 Dora A. Kramer, West Alexandria.  
 Elva L. Gauch, West Manchester.  
 John A. Gatchell, Wharton.  
 Edward T. Siddens, Winchester.

## TENNESSEE

Berry L. Morgan, Dayton.  
 Edgar H. Miller, Jellico.  
 Lee R. Griffiths, Philadelphia.

## VERMONT

Mabel W. Roberts, East Poultney.  
 Ralph Gaul, North Bennington.  
 Earl R. Sheldon, Rupert.  
 Jessie E. Dyer, Salisbury.  
 George E. Carpenter, Waterbury.

## UTAH

Wallace L. Holst, Brigham.  
 James C. Hill, Elsinore.  
 Will C. Barton, Garfield.  
 John H. Hall, Hurricane.  
 Alta A. Dayton, Magna.  
 Henry C. Jacobs, Mount Pleasant.  
 George G. Rosevear, Park City.  
 Porter A. Clark, Parowan.  
 Mary Cooper, Pleasant Grove.

## WEST VIRGINIA

Enoch L. Ellison, Beckley.  
 John K. Quick, Cedar Grove.  
 Stewart S. Stepp, Chattaroy.  
 Levi Gay, Eccles.  
 James T. Jarrell, Edwight.  
 Harison G. Vicars, Fort Gay.  
 Harry O. Lockman, Helen.  
 James G. Meadows, Hinton.  
 Crafton S. Stidger, Littleton.  
 Ethel M. Zimmerman, McMechen.  
 Cecil H. Kirby, Minden.  
 Godfrey B. Beebout, New Cumberland.  
 Thomas C. Scott, Philippi.  
 George A. Brooks, Pineville.  
 Thomas C. Bond, Powellton.  
 Joseph D. Brown, Renick.  
 Rex Michael, Rivesville.  
 Ira W. Folden, Ronceverte.  
 Sylvester V. Riggs, St. Marys.  
 Emmett W. Williams, Stotesbury.  
 George L. Wilcoxon, Tams.  
 William H. Snedegar, Ward.  
 Willard E. Hatfield, Williamson.

## HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 7, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

As selected servants of all the people, Heavenly Father, may we do with our might the work which has been given us to do, advancing step by step in the rugged pathway of duty, strong in purpose, resolutely fulfilled. We ask Thee to give us strength among men; may we cheer them, encourage them, to help them and give wisdom to those who lack it. Exalt all nations; make the weak strong and keep the strong

from impetuous pride and domination, and show forth those signs and tokens that shall give hope to all men. O Thou who art the great Life Giver, give spiritual life to us, and may we discern more than thought can find and more than language can express. Bless us with that hope and faith which overcome and bring out of life all things sweet and pleasant. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 14. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

## THE GOLD STANDARD

Mr. LANKFORD of Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the gold standard.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. LANKFORD of Virginia. Mr. Speaker, this country, like a mighty giant arising groggy and unsteady from the knockout delivered it by the great depression, is becoming dimly and vaguely conscious of the fact that one of the main troubles it has had to contend with is the rising value of the dollar, and that probably the solution of its difficulties will be in reducing the value of the dollar to somewhere near its commodity value.

Nations, States, cities, railroads, corporations of all kinds, and individuals are staggering beneath a load of debt that it is impossible to carry. With the rapid rise of the value of the dollar and the decline of commodity and all other values, it is impossible to meet these staggering obligations.

There is no possibility of bonds or obligations being reduced or canceled voluntarily, and unless the value of the dollar with which these obligations must be paid is decreased, no solution appears save universal bankruptcy, which will wipe them all out and allow us to start over again.

Certainly no one wants to contemplate such a dire remedy for existing conditions, but it seems to me that it is time for the country to give the most careful and painstaking attention to this question, and especially the holders of bonds, mortgages, and securities of all kinds, who would generally oppose any deflation in value of the dollar, for unless some relief is given they may wake up some fine morning to find their securities valueless.

The value of the dollar has risen so rapidly in the last two years that commodities which were worth \$1 three years ago are now worth about 25 cents. In other words, commodity values have declined compared to the value of the gold dollar approximately 75 per cent, or the value of the dollar has risen 75 per cent. Either way it is an unhappy and unhealthy situation. This is true of real estate, cotton, wheat, tobacco, as well as of manufactured products.

Money—dollars—seems to be the only thing left that has value and in which the people have confidence. Farm products are worth next to nothing; farms and city real estate are invariably sold to the holder of the mortgage, for neither farms nor city real estate, nor commodities can compete with the dollar for the confidence of the man who has money to invest.

The result is the greatest era of hoarding in the history of the country—billions of idle capital hoarded, useless because the owners have more confidence and faith in dollars than anything they can buy with them; hence they save them and keep them out of the channels of trade where they would be beneficial to all.



The only way, therefore, it seems to me to bring them out of hiding and to put them into circulation is to decrease their value, so that they will seek investment in commodities, using this term in its broadest sense. As long as they have the high value placed on them to-day they will stay in hiding and not be exchanged for any commodity, real, personal, or mixed.

And yet it is with these same high-value dollars that the immense debts which burden States, cities, railroads, corporations, and individuals must be paid.

Business is gone, but the debts remain. All ambition, hope, enterprise is destroyed by the individual or group laboring under these impossible conditions.

Internationally what do we see? Practically every other large nation but the United States and France has abandoned the gold standard. It requires so much more of the goods, wares, and merchandise of these nations which have left the gold standard in exchange for our gold dollar that they are greatly hampered in selling to us, and our goods produced on a gold standard are so high in comparison with their commodity value that they can not buy from us.

The result may well be that our customers may soon seek other nations on a similar money standard with themselves with which to do business, and this trade, once established and connections once made, will be difficult, if not impossible, to recover.

I do not advocate abandoning the gold standard, neither do I believe in permitting the business and people of the United States to be strangled by the gold standard if such proves to be the case.

My suggestion is to reduce the value of the dollar as the only possible means by which the staggering load of debts can be paid, so that the vast amounts now in hiding will have to seek more profitable investment, and so that we in the United States can compete in foreign markets on a more equitable basis with the other nations who have abandoned the gold standard before it is too late and our foreign trade has sought other channels, and let the result be what it may to the gold standard. If it is sound and stands the strain in this time of great need, so well and good. If not, we had better seek another principle of exchange; and now that this question has reached a crisis, it is very well, it seems to me, for the leading economists of the country to study this question as never before to determine whether this is the best we can expect in our high state of enlightenment, or is there a better plan.

#### THE MENACE OF LOSSES FROM THE GRASSHOPPER INFESTATION

Mr. SELVIG. Mr. Speaker, I ask unanimous consent to extend my remarks on a bill introduced by myself in regard to the agricultural situation.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SELVIG. Mr. Speaker, I desire to call to the attention of my colleagues, and especially those from the Middle West, that unless very favorable weather intervenes next May and June large areas in 15 States are likely to be overrun by a very severe grasshopper infestation. I do this now in order that my colleagues may have the information which I have been able to secure in regard to this matter, and that they may have time to verify this and secure further information on this important matter.

According to Dr. A. G. Ruggles, Minnesota State entomologist, infestations of grasshoppers sufficient to "change the face of nature by turning luxuriantly growing fields into deserts" are foreseen in 1932. In his report to the Minnesota State department of agriculture Mr. Ruggles says the potential grasshopper crop for next year is now in the soil in the egg stage.

The only thing that can save us from devastating hordes of these pests in 1932—

He says—

is a cold and wet May and June. Even if we have these weather conditions the Canadian expert in this field, Norman Griddle, asserts that we in Minnesota are bound to have an excessive number of these insects.

In a survey recently completed by Federal and State entomologists the eggs of the hoppers were found to be in perfect condition for hatching next spring, even though deep snow had to be shoveled off the egg beds and the frozen soil broken with a pickax. All the States infested must be prepared to meet the emergency. Poisoned bait must be on hand in sufficient quantities to protect at least 9,898,044 acres of grasshopper-infested crop land in 1932. Applications of this bait must be started by the middle of June at the latest. Unless nature intervenes in behalf of the farmers in the infested areas \$150,000 will be needed to prevent a calamitous grasshopper plague in Minnesota. The farmers in the badly infested territory have no funds with which to buy poison; Government agencies must help them. Action must be taken at once to make available necessary funds.

At a conference meeting on grasshoppers held at Sioux City, Iowa, December 5, 1931, the following estimates of the funds needed to repel this expected insect invasion of the eight States chiefly affected have been worked out by the United States Bureau of Entomology and the State authorities:

	Acreage to be protected	Cost of protection
South Dakota.....	4,050,381	\$506,136
North Dakota.....	3,108,838	338,191
Minnesota.....	1,394,581	150,017
Iowa.....	672,000	100,000
Colorado.....	308,922	40,604
Montana.....	188,661	23,578
Wyoming.....	154,661	18,050
Oregon.....	20,000	5,000
Total.....	9,898,044	1,231,576

This it is figured will be the cost of a single application of the poisoned bait over known infested areas. As more than one application may be required in spots, Congress is requested in my bill H. R. 5117—and also S. 2509, by Senator SHIPSTEAD—to appropriate \$2,000,000. If poisoning is delayed until the pests are equipped with wings, a field may be infested a second time or even more by the insects flying in from other localities. This points to the necessity of community action, and our State entomologist says there should be a law to compel cooperative effort and also to empower county commissioners to make appropriations for insect control.

Field studies of the scientists revealed that in places in the infested area there are 20 to 180 egg packets or pods to the square foot. Every pod contains 20 to 70 eggs. If all these eggs hatch next May or June, it will mean anywhere from 1,000 to 8,500 young grasshoppers per square foot. The eggs were laid for the most part along the borders of fields, by roadsides, on ditch banks and railroad rights of way, and in waste land and pastures. Only a comparatively small number are laid in loose soil in fields, and these can be disposed of by cultivation. The infestation next year will start, therefore, on the edges of fields and progress into and over the crops as the season goes on.

In Doctor Ruggles's report on the Minnesota infestation (from letter to C. G. SELVIG, dated October 31, 1931) he states:

The most badly infested parts of Minnesota last year were Kittson and Marshall Counties. Other counties infested were Polk, Norman, Clay, Wilkin, Otter Tail, Roseau, Pennington, Wadena, Stearns, and Hennepin. In all of these counties the State helped out in buying and distributing without cost to the farmers the poison bran mash.

In a survey recently made by a number of our men we have found that the eggs for next year's crop have been laid in great abundance. In some of the most badly infested areas last summer we found anywhere from 25 to 150 grasshopper egg pods to the square foot. If all eggs hatched, it would mean 750 to 5,000 hoppers to the square foot in that particular area.

The number of these that will hatch will depend entirely upon the kind of weather we have next May and June during the regular hatching season. If the weather is favorable, like it was last spring and a year ago, practically all of these eggs will hatch. If, on the other hand, we have cold rains or rains long continued during the hatching season, thousands of the young hoppers will be killed.



As far as we can find, the winter conditions will have no effect on the eggs already in the soil. My prediction is that in spite of the worst winter conditions for the insects, there will be a plentiful supply of grasshoppers this coming season.

I sincerely trust that the coming Congress will appropriate money for buying materials for the poison bran mash. I know that the United States Department of Agriculture in Washington is getting ready for the emergency, as we have just been cooperating with them on the grasshopper-egg survey in the part of the country that I have already mentioned to you.

At the conference recently held at Sioux City, the entomologists present agreed upon the following commercially prepared poison bait for grasshoppers:

	Pounds
Coarse wheat bran free from shorts	80
Hot blackstrap molasses (cane)	15
White arsenic	5

To the above, 9 to 10 gallons of water are to be added and 3 ounces of amyl acetate. The white arsenic should be crude, finely divided, and contain 96 or 97 per cent arsenic trioxide. After further discussion it was decided to have Doctor Larrimer, of the United States Department of Agriculture, specify requirements of white arsenic that should be used. It was recommended that the prepared bait be put up in 100-pound bags. It was further recommended that the bait be manufactured under the supervision of a capable Federal chemist and that samples of the bait be analyzed periodically. The bait should be shipped as grasshopper bran, with poison labels, in separate packages, to avoid high freight rates. The conference went on record as condemning the artificial use of any fungus disease for the purpose of killing off grasshoppers on the grounds that such control is not effective.

I am taking the liberty of presenting this data to my colleagues in the House, as it appears these eight States and several others face a serious situation, unless the weather conditions during next May and June come to our rescue.

#### EXTENSION OF REMARKS

Mr. ALLEN. Mr. Speaker, I ask unanimous consent to insert in the RECORD some telegrams from constituents of mine in Illinois asking the Congress to take immediate steps favorable to the recommendation of the President in his message of January 4.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. UNDERHILL. Mr. Speaker, I object.

#### PROPOSED CONSTITUTIONAL AMENDMENT FIXING THE COMMENCEMENT OF THE TERMS OF PRESIDENT AND VICE PRESIDENT AND MEMBERS OF CONGRESS AND FIXING THE TIME OF THE ASSEMBLY OF CONGRESS

Mr. LaGUARDIA. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. LaGUARDIA. There has just been messaged from the other body a joint resolution seeking an amendment to the Constitution, commonly known as the "lame-duck" amendment. I desire to inquire to what committee that resolution will probably be referred by the Speaker?

The SPEAKER. The practice for the last 10 years in the consideration of this and similar resolutions has been to refer such resolutions to the Committee on Election of President, Vice President, and Representatives in Congress. Similar resolutions have been introduced by Members of the House at this session, and such resolutions have been referred to that committee.

The Senate, however, refers such resolutions to the Committee on the Judiciary.

In the opinion of the Chair, inasmuch as it has been the practice for the past 10 years to refer such resolutions to the Committee on Election of President, Vice President, and Representatives in Congress, the Chair thinks the resolution should go to that committee.

Mr. LaGUARDIA. Does the Speaker think that under the rules it should go to that committee?

The SPEAKER. Under the precedents it would go to the Committee on Election of President, Vice President, and Representatives in Congress.

Mr. LaGUARDIA. May we hope that the gentleman from Georgia [Mr. RUTHERFORD] can get some action on that real soon?

Mr. RUTHERFORD. Yes. It will be taken up promptly.

#### PUBLIC QUESTIONS

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks by incorporating some remarks of my colleague [Mr. CROWE] made at a dinner in his home city.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, my colleague, EUGENE B. CROWE, representing the third Indiana district, was recently tendered a testimonial dinner by his friends and constituents of his home city of Bedford, Ind. This was upon the occasion of his departure to assume his duties at the convening of the Seventy-second Congress. His friends paid many generous tributes to the high qualities of Mr. CROWE as a neighbor and citizen.

Upon that occasion Mr. CROWE responded in an address in which he outlines his views upon public questions, and I am extending his address in the RECORD:

Mr. Chairman and friends, I would have a heart of stone if I would not be moved by this wonderful assemblage of people from my home, my county, and my district, and by their genuine expressions of respect and esteem for me.

This overflow meeting of friends of mine who put on the "good-will dinner," where more than 400 were served with dispatch by the Ludeon Society of the First Christian Church with such splendid, wholesome food, causes my heart to swell with emotion and fills me with thankfulness and gratitude.

This wonderful gathering of hundreds of my fellow townsmen to this dinner and to the many more here who were unable to be fed because there was no more seating room. Such an outpouring of Democrats and Republicans, joined here unselfishly and without regard to political affiliations to pay me honor on the eve of my departure for Washington to take up my duties in Congress, which is the high spot of my life, causes me more and more to realize the high responsibility now resting on my shoulders, and accordingly I covet your help and your guidance during my term of office.

Many fine things have been said of me here this evening. I am grateful and thankful for them all. This meeting, being composed of those from all parties, being a spontaneous gathering of those near me and those I have learned to love, is why I have addressed you as friends.

My office is open to you; I am at your command. My very competent secretaries are doing and will continue to do all possible for the people of this district. I have adopted the policy of keeping my Washington office open continually so that anything needing to be done in Washington, even when Congress is in recess, can be cared for, accordingly, my secretary, Mr. Hewitt J. Wolfe, has been placed in charge, and my office is open every week day throughout the year. My other secretary, Capt. Roy Huckleberry, has been busily engaged throughout the year in the district, working tirelessly and unselfishly for the interests of my constituents.

As for myself, I have given every possible moment to the needs of my constituents. I desire to serve all irrespective, and the most humble in my district will be given the best of attention.

I have grouped some points which I desire to offer you for consideration, and they are things which I shall stand for. That I may not be misunderstood or misquoted I will read from manuscript, and I have given copies of same to the press, and they are as follows:

#### 1. UNEMPLOYMENT

I consider the unemployment situation the paramount issue in our country to-day. I shall do everything in my power to assist in restoring the country to normal business conditions.

#### 2. TARIFF

When the time arrives I will stand for a lowering of the tariff. I believe a great part of our loss of foreign trade is caused by a resentment of our Hawley-Smoot tariff and because of it other nations are setting up tariff barriers in retaliation.

This condition has been the cause of the loss of most of our foreign trade and has tended to augment our unemployment, which is widespread and reaching alarming proportions.

I do not believe the war, which ended 13 years ago, caused or is responsible for our troubles to-day. I am not one who professes to believe that.

I know of no labor organization nor laboring man who demanded this tariff. Labor was already protected, as it must be. I know of no farmer, small business man, nor tradesman who demanded this tariff. I am forced to the conclusion that the beneficiaries were the special interests who demanded this high tariff and got what they wanted.



## 3. UTILITIES

I propose to stand for utility legislation to protect the people from the encroachments of the powerful utilities and power combines. In these days of stress when nearly all commodities have made rapid declines, utilities continue at the old rates obtained during the inflation following the war. I propose to lend my support and vote to reduce costs of service rendered by utilities in keeping with other necessities and commodities. I stand with Senator Norris, of Nebraska, and Gov. Franklin D. Roosevelt, of New York, and other Progressives of many sections of the country, including the West and Middle West.

## 4. INCOME TAX

I believe that an increase of income tax in the higher brackets is the proper method of relieving the tax burden and Treasury deficit. A sale tax would put an increased burden on the small tradesman, who is already overburdened, which would force countless thousands into bankruptcy. In addition to this a great amount of this burden would be passed on to the laboring man, who is already penniless. I shall vote for an increase in tax for those who have, "the protected special interest class." I am positively against the sales tax. I shall do everything right and reasonable in my power to bring about a more equal distribution of wealth.

## 5. FARMER

I do not believe this country will return to prosperity until the farmer is relieved of his heavy burdens and there is greater equality between what he has to sell and what he has to buy. I shall stand for any legislation which I believe will aid the farmer.

## 6. VETERANS

I have inaugurated a service in my district which is new and, as I know, is without precedent.

I have selected for one of my secretaries Capt. Roy Huckleberry, of Salem, Washington County, Ind., who goes from county to county rendering service to ex-service men and their dependents. This service applies not only to veterans of the World War but to veterans of the Mexican border, Spanish-American, and to the thinning ranks of Civil War veterans and their dependents, to those of any and all wars—soldiers, sailors, and marines. I shall favor more adequate hospitalization for veterans. I am opposed to any interest charge to veterans who have borrowed on their adjusted-compensation certificates. The money is theirs. They should not pay interest on their own money.

## 7. LABOR

I believe the greatest service I can perform is relief of unemployment, providing work to be done—make jobs. Those who are able, who have work to be done, do it now. I believe this country should be so organized that every man who desires to work could have work at more than a living wage. It is said that this country emerges from each panic or depression stronger than before, yet this depression is said to be the worst of all depressions since the founding of our Government. That being true, something is fundamentally wrong. There should be brains enough in this country to make it panic proof. Our system of centralization of wealth aids in making our panics more devastating. I believe a bond issue at this time of from \$2,000,000,000 to \$5,000,000,000 would bring money out of hiding from those who are frightened, spend it for Federal road building, public improvement, etc., and this would, I believe, break the back of this depression or panic.

## 8. LIMESTONE

I expect to foster the use of Indiana limestone whenever I can, and my office will be open to any and all limestone companies at all time. I am interested in Indiana limestone, not individual companies, but as a whole, including the entire belt, and from the least company to the greatest, they can count on my individual support. In serving them I serve my town, my county, my district, and my State.

## 9. MORATORIUM

There has been much discussion and publicity given the moratorium, or debt extension, which was accorded the European nations who borrowed money from us during the World War, and also concerning the reparations owing by Germany to other nations, and an extension of time of one year has been accorded them. I am not opposed to this extension for one year, if it will in any way aid in restoring prosperity. I am, however, opposed to further extension of the moratorium beyond one year, if and unless: First, that those nations should be found to be entirely unable to pay, and, second, that the nations of Europe forego any further armaments expenditures during the time of the moratorium.

I am and shall continue to be forever opposed to any further cancellation of any European debts to the United States. While I extend to them my sympathies, I always believe in that old writing which says: "He that cares not for his own household has denied the faith and is worse than an infidel." I am thinking of our own countrymen. Our conditions at home are thus: Our Government last year lacked \$1,000,000,000 in round figures of balancing their Budget. This year they will lack \$2,000,000,000. We need these several hundred million dollars that are due us from Europe to pay on our bills and help to relieve our farmers, merchants, and laboring men of some of their heavy tax burdens.

If a moratorium is in order for European countries, why not a moratorium for our farmers, who are losing their farms to the Government by the foreclosing of Federal farm banks? Why not have a moratorium for the farmers of the drought-stricken area,

who were given loans last spring to put in a crop; and now that they have raised that crop, they are compelled to sell it at to-day's market prices? They are unable and do not have enough to sell to pay the loans. Let's give them a chance to benefit by a higher market. What our farmers need more than credit is a market at a living price.

To make myself plain, I can not and will not stand for measures which will further enhance and fill the coffers of our privileged class while the man in whatever line he follows, whether it be cleaning the streets, clerking in the store, working in a mill, farming, or whatever his calling may be, I am for what is known as the under dog.

## EXTENSION OF REMARKS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to have printed in the RECORD as an extension of my remarks a portion of the report of the Social Service Commission of the Georgia Baptist Convention, representing 400,000 citizens of my State.

Mr. UNDERHILL. Reserving the right to object, following my usual procedure in all other cases, I shall have to object to this.

Mr. TARVER. Will the gentleman reserve his objection for a moment?

Mr. UNDERHILL. Yes. I will reserve it.

Mr. TARVER. I do not think the gentleman's usual procedure has been to object to publication in the RECORD of matter of this character. This is a report from a great church, representing almost a half million people, touching some of the most important social problems of the day. I had not understood it was the gentleman's purpose to keep matter of that character out of the RECORD.

Mr. UNDERHILL. Still further reserving the right to object, the gentleman proposes to object to the insertion of all matters that have no immediate connection with Government activities. The gentleman does not object to insertion of remarks of Members, no matter where they may be made, here or elsewhere.

Mr. TARVER. May I state that the report in question has reference to pending Government questions of great importance. For example, the question of national prohibition and the advisability of its modification or not.

Mr. UNDERHILL. I do not think the RECORD is any place to carry on a debate on prohibition, Mr. Speaker, and I object.

The SPEAKER. Objection is heard.

## PETITION OF THE JOBLESS

Mr. KELLY of Pennsylvania. Mr. Speaker, I ask unanimous consent to proceed for one minute out of order.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KELLY]?

There was no objection.

Mr. KELLY of Pennsylvania. Mr. Speaker, under the Constitution of the United States every American and every assembly of Americans has the right peaceably to assemble and present petitions to the Congress of the United States. I have just come from a gathering where many thousands of American citizens marching under the American banner presented a resolution to be placed before the House of Representatives. The leader, Father James R. Cox, pastor of Old St. Patrick's Church in Pittsburgh, led the great gathering in pledging allegiance to the flag of the United States. He is a kindly priest and a brave warrior. He served in the World War on behalf of justice and democracy and is serving in peace with exactly the same purpose in view. The men he leads ask only for a chance to live as honest men should live, earning a livelihood for themselves and their families by the toil of hand and brain.

Mr. Speaker, I present this petition and ask unanimous consent that it may be read by the Clerk.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KELLY]?

There was no objection.

The Clerk read as follows:

Whereas in this land of ours, the United States of America, the soil is rich, the earth is bursting with abundance, the bins are filled with grain, the storehouses are laden with goods, the shelves are overflowing with merchandise, the vaults are stacked with bars of gold, and the very channels of trade are choked by



the undistributed surplus of the products of mill and mine and farm; and

Whereas at the same time eleven millions of men and women offer their brawn and brain to the masters of work, but in vain; and

Whereas these men and women, having exhausted their meager resources, with strength wasted, their bodies ravished by slow starvation, their spirits broken by despair, now lack shelter, are exposed to the cold, the rain, and the snow, and stand hungry in bread lines—mute symbols of an economic order out of joint; and

Whereas their children, undernourished, deprived of milk, often without shoes and without winter clothing, their development arrested, and their growth stunted, are prey to the blighting diseases of malnutrition; and

Whereas evictions abound, families break up, and the foundation of ordered society is being undermined; and

Whereas the colossal wealth of these United States has been gathered into the hands of but a few, who own or control not only industry but the natural treasures of the earth—coal and oil, copper and iron, and even the power generated by the fall of waters; and

Whereas the individual merchant and artisan are being driven from the market place, from behind the counter, and the work bench by huge organizations which add unit on unit to their endless chains; and

Whereas a handful of men in control of vast wealth are strengthening their hold upon the governments of the States and of the Nation and evermore directing the course of legislation; and

Whereas fearing that liberty and equality will perish in this land, that free men will be replaced by wage slaves, that monopolistic trusts will rule this country, and that these intolerable hardships will breed bloody uprisings and arouse armed revolts, the people of these United States are determined to reconsecrate this country to a true democracy, where every person, poor or rich, shall have an equal opportunity to work and to earn a decent livelihood, so that all may attain a standard of life which will assure individual contentment and a peaceful society: Now, therefore, be it

*Resolved by the army of jobless marching under the leadership of Father Cox—*

First. That Congress appropriate \$5,000,000,000, to be raised by the issue and sale of bonds and to be expended for the creation of work in public construction, including highways, public buildings, hospitals in rural districts, reforestation, flood control, and water-power conservation.

Second. That Congress immediately appropriate to the several States and municipalities, according to their need and number of unemployed, sufficient sums of money to be distributed, through agencies now functioning, for the purpose of providing food, clothing, and shelter to the needy and hungry who are out of work.

Third. That Congress appropriate sufficient sums of money for loans to reestablish the farmer, the backbone of a free nation.

Fourth. That the money for these appropriations be raised by the increase, up to 60 per cent, of the surtaxes on large incomes, effective on incomes earned in the year 1931; by the immediate raising of the Federal inheritance taxes on large estates up to 70 per cent; and by the levying of a large gift tax to prevent the evasion of the inheritance taxes, an evil now so flagrantly practiced. And be it further

*Resolved*, That a copy of this resolution be delivered by the Rev. Father James R. Cox to the President of the United States, to the Vice President, as Presiding Officer of the Senate, and to the Speaker of the House.

Rev. JAMES R. COX.

#### ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, there is nothing ready for the House to-day from the committees, and at present it is my purpose to move to adjourn in order to give the committees an opportunity to complete their work as rapidly as possible.

Mr. SNELL. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. SNELL. I appreciate the fact that under the conditions there is probably nothing better to do than to adjourn at the present time, but I want to call the attention of the majority to the fact that we are waiting on them to present the reconstruction program to Congress. We all appreciate the great importance to the country of getting this program out. The business world to-day is waiting breathlessly for some constructive program from Congress which will help the situation, and I hope such a program will not be delayed any longer than possible. I believe that if the business world can understand that the Government is squarely behind it, business conditions will improve immediately, so I hope we may have that program brought to us for consideration as quickly as possible. [Applause.]

Mr. RAINEY. I agree with the gentleman.

Mr. STEAGALL. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. STEAGALL. I will say to the gentleman from New York that the Committee on Banking and Currency of the House has been working with utmost diligence and unusual haste in the consideration of the legislation to which the gentleman refers, and while a number of gentlemen interested in the legislation and favorable to it are still asking to be heard further before our committee, it is our hope and reasonable expectation that we shall be able to begin to-day the consideration of the bill for amendment, and we hope to conclude it to-morrow. [Applause.]

Mr. SNELL. I appreciate the situation, and if the Democratic majority would use the same haste in connection with the reconstruction program it has used in preparing the tariff measure it would be better for the interests of the whole country.

Mr. STEAGALL. I will not make the answer to the gentleman that naturally occurs to me, but I will say to the gentleman that his statement and the precipitation of that sort of discussion is not calculated to hasten the completion of efforts to facilitate the reconstruction corporation legislation. [Applause.]

Mr. CRISP. Will the gentleman yield?

Mr. RAINEY. I yield.

Mr. CRISP. I want to say to my friend from New York that I thoroughly agree with him that it is of the greatest importance to bring out this reconstruction bill, but I do want to say to my friend that the Democrats who now control the House have acted with great expedition on public matters. Congress did not convene until the 7th of December. It took over a week for the two parties to prepare the committees, and what has been done in the House? We have passed the President's moratorium bill, which he said was a part of his reconstruction stabilizing program.

Mr. SNELL. I appreciate that and am pleased that we have done it.

Mr. CRISP. We have also passed the President's proposed plan for aiding the Federal land banks in just this short time. We have passed two general deficiency appropriation bills and three important bills dealing with the fiscal relations of the United States and the District of Columbia. We have disposed of these important matters and will shortly dispose of the tariff matter, and to-day the Ways and Means Committee agreed to start hearings at 10 o'clock next Wednesday morning on a tax plan to balance the Budget. [Applause.]

We are cooperating in every way possible and we are trying to expedite matters. I am just as anxious as the gentleman or anyone else to have the reconstruction program come up.

Mr. SNELL. And I am thankful for what you have done.

Mr. CRISP. We have been very diligent and very prompt in disposing of public matters.

Mr. SNELL. I am thankful for what you have done so far and for the good of the country I want you to continue.

Mr. POUL. Mr. Speaker, I would like to call the attention of my friend from New York to the fact that these conditions have been known for months. [Applause.] Why, in God's name, did not the President see fit to call us together a little while in advance? If he had done this, the plan would be on the statute books now.

Mr. SNELL. If there were need for calling the Congress in session earlier, there is all the more need now for quick action.

Mr. UNDERHILL. Mr. Speaker, will the gentleman from Illinois yield to me?

Mr. RAINEY. I yield.

Mr. UNDERHILL. May I say to the gentleman from North Carolina [Mr. POU] we want to be fair in this matter? If the President had called us together earlier or a short time before the present session began, we might have disposed of these matters; but it is also true that if we had stayed in session for the nine days during which we had an adjournment for the Christmas holidays, we could also have passed it.

Mr. BLANTON. That has always been done.



Mr. UNDERHILL. It does not make any difference whether it has always been done or not, that is the fact.

Mr. LOZIER. Will the gentleman yield?

Mr. RAINEY. Yes.

Mr. LOZIER. I was on my feet seeking recognition when the gentleman from Illinois yielded to the gentleman from North Carolina [Mr. POW], who took out of my mouth the words I intended to say and as was to be expected, he made a much better statement than I could hope to present. But I will supplement his remarks by saying to the gentleman from New York [Mr. SNELL] that it does not lie in the mouth of President Hoover or the Republican Party to complain that a Democratic Congress is not acting with expedition in passing relief legislation. The President must have known, and the gentleman from New York and his party leaders must have known six months ago that this unprecedented depression and economic distress was nationwide, and that conditions were rapidly growing worse, but with a contempt for the legislative branch of the Government, and seemingly indifferent to the appeals of millions and unwilling or unable to act, the President stood mute and helpless, while economic conditions were cracking from ocean to ocean and fortunes were being dissipated like frost before the uprising sun. This great superman waited until Congress assembled in regular session as provided by the Constitution. After months of inaction the President sees a great light and suddenly gets in a big hurry to have relief measures passed.

This is another illustration of the contempt in which the bureaucratic classes hold the American Congress. They do not realize that our Constitution, Government, and institutions are built around Congress and not around the President. Ours is a congressional form of government. It was so designed by our constitutional fathers and so provided in our organic laws. Nowhere in our scheme of government can you find even a faint suggestion that ours is a government by the President or Executive authority and not a government by the Congress. Nowhere in the Constitution can you find a line intimating that the President shall frame our laws or determine our national policies. That is essentially a prerogative of the Congress. The President may recommend legislation, but Congress alone can enact laws and establish national policies. The President proposes, but under our system of constitutional government the Congress disposes.

I will say to the gentleman from New York that if his President and his party had shown the proper foresight and interest in remedying the economic distress of the Nation he would months ago have called into extra session the only body we have in America that can pass relief measures. [Applause.]

Mr. RAINEY rose.

Mr. HERR. Will the gentleman answer a question, please? Is it not a fact that if we had organized six months ago the Republicans would have had control?

Mr. RAINEY. Mr. Speaker, I do not yield further. The tariff bill we expect to have ready for consideration in the House to-morrow, and in order that committees may have this afternoon to go ahead with the important work in which they are engaged, I propose to move to adjourn after submitting a request.

Mr. Speaker, I ask unanimous consent that the chairman of the Ways and Means Committee may have until 12 o'clock to-night to submit a report on the tariff bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SABATH. Mr. Speaker, reserving the right to object, as I understand, the gentleman proposes that we adjourn to-day at this time for the purpose of giving the various committees that have before them these important measures time and opportunity to go into session immediately to act upon them so that they may report the measures very promptly.

Mr. RAINEY. The gentleman has expressed better than I can my purpose at the present time.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, may I ask the gentleman if it is his plan to take the bill up to-morrow under the 5-minute rule or whether it will go over until Saturday?

Mr. RAINEY. We hope to take it up for consideration. It is a short bill, and when we get under the 5-minute rule, we can speedily dispose of it; but if there is any prolonged discussion of the bill, we expect to continue its consideration.

Mr. LAGUARDIA. The bill is subject to amendment on the floor?

Mr. RAINEY. Yes.

Mr. MICHENER. Reserving the right to object, Mr. Speaker, when will the bill be printed so that we may know what it is?

Mr. RAINEY. Just as soon as we can report it out.

Mr. MICHENER. And it will be reported out to-night?

Mr. RAINEY. I have asked that the chairman may have until 12 o'clock to-night.

Mr. MICHENER. When will we get the printed hearings?

Mr. RAINEY. We hope to have them available to-morrow, but, of course, I can not tell definitely about that.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### THOMAS A. EDISON AND THE ELECTRICAL INDUSTRY

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating an address of our colleague, Hon. CHARLES A. EATON, of New Jersey, delivered before the Electrical Club of Louisville, Ky., on November 17, 1931, on the subject of "Thomas A. Edison and the Electrical Industry."

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. THATCHER. Mr. Speaker and Members of the House, on the evening of November 17 last, in my home city of Louisville, our distinguished and able colleague, Hon. CHARLES A. EATON, of New Jersey, delivered a splendid address upon the subject of "Thomas A. Edison and the Electrical Industry." Under leave granted me therefor, I am incorporating this address in the RECORD.

The address is as follows:

Thomas A. Edison was born in Milan, Ohio, February 11, 1847. He died at his home in Llewellyn Park, N. J., at 3.24 o'clock on the morning of October 18, 1931. Tributes to his greatness as a man and his immeasurable service to his fellows poured into his home from every part of the world and from every walk of life. President Hoover summed up his work as "a precious asset to the whole world." Marconi called him "one of the world's greatest benefactors." Henry Ford, his life-long friend, said that "Edison has changed the face of the world in his lifetime, and everything he had achieved was beneficial to mankind." In the language of Nikola Tesla, "Edison was the most successful and probably the last exponent of the purely empirical method of investigation. He achieved his almost miraculous results by persistent trials and experiments." The New York Times, in a remarkable editorial, referred to Mr. Edison as "the wondersmith of the world, the universal lamplighter who set men and women to new work, transformed the world in a generation, and who will live forever in sound, light, and electric power."

It is recorded that in his early childhood Edison was so dull a pupil in school that his teacher described him as "addled." At the age of 10, aided by his mother, he began to work with chemicals in the basement of his modest home. He had a wonderful mother and an even more wonderful wife, who probably kept him alive for many years by her wise care, in spite of his absolute disregard of every rule of health, in his passion for work.

At the age of 12 or 13 we find the boy peddling newspapers on the Grank Trunk Railroad between Port Huron and Detroit. Already his active mind far outran his duties as a newsboy. He set up in the baggage car a chemical laboratory. He bought a printing press and edited, printed, and distributed a weekly newspaper which reached a circulation of around 400. One day some of his chemicals exploded and set fire to the car. The outraged conductor boxed Edison's ears and threw him and his chemicals off the train. There is a tradition that this rough treatment at the hands of the irate conductor was the beginning of Edison's deafness.

About that time a kindly station agent, the life of whose child Edison had saved, taught him telegraphy, in which he soon became amazingly expert. Using his skill as a telegrapher as a means of livelihood, he began wandering about the country, all the time carrying on experiments in chemistry and electricity on



the side. He lost one job as a telegrapher in a characteristic manner. There was a ruling that each operator every half hour had to tap out a signal to show that he was awake and present at his post. Edison invented a machine with a notched wheel and left it to tap out his half-hour signal while he attended to his experiments. The machine worked with such precision that it aroused the suspicions of his superiors and he lost his job.

At the age of 22 Edison was in New York in the telegraph office of the stock exchange. One day the ticker service broke down. Everybody failed who tried to repair it. Then young Edison took charge, had it running perfectly in a short time, and was immediately hired at \$300 a month. This marked the beginning of his amazing rise to fame and fortune. In a short time he invented a special ticker which he sold for \$50,000. From that time on his inventions were given to the world on an average of one every two weeks for 52 years. He had issued to himself more than 1,500 patents.

In 1928 he received the congressional gold medal. His contributions to the welfare of mankind at that time were estimated as worth in money more than fifteen and one-half billions of dollars. Caring little or nothing for money himself, he never became a very rich man.

Among his outstanding inventions are listed the sixfold transmission system for telegraphy, the carbon telephone transmitter, a machine for measuring smallest changes in temperature, the megaphone, the phonograph, the alkaline storage battery, the magnetic ore separator, the electric trolley car. Of these inventions, it is said the phonograph sold for a million dollars. In 1891 he invented the motion-picture machine. On the day of his funeral it was announced that his experiments for the production of rubber from goldenrod had been successful.

It is an interesting fact that among the first electrical inventions of Edison was a machine to record the votes in Congress. It was rejected by that august body for reasons more political than scientific.

The great outstanding achievement of Edison was his invention of the electric lamp. On October 21, 1879, he succeeded in producing the first electric lamp that proved itself commercially useful. Backed by a syndicate of New York business men who contributed \$300,000 to the enterprise, he opened in lower Manhattan the first electric power plant for lighting purposes. From that humble beginning, with less than 500 consumers, has grown the vast and beneficent lighting industry which with an investment of over \$11,000,000,000 now supplies over 20,000,000 of homes in America alone; which has revolutionized the professions, industry, and farm life; which has made possible the automobile and airplane industries; which has been a tremendous instrument of peace and war, and which has illumined the pathway of material progress for all mankind beyond any force in all preceding history.

Fifty years from the successful lighting of the first electric lamp in the old laboratory in Menlo Park, N. J., Henry Ford staged a great celebration at Dearborn, Mich. Mr. Ford removed from Menlo Park and rebuilt at Dearborn the entire plant in which Mr. Edison did his work. He even transported a foot of the Jersey soil and spread it around the old buildings at Dearborn.

I had the honor of being Mr. Ford's guest at that celebration. When our train arrived some distance from the Menlo Park reproduction at Dearborn we were met by Mr. Ford and Mr. Edison and transferred to a little train of wooden cars with wood-burning engine, an exact reproduction of the train from which the boy Edison had been thrown by the irate conductor 70 years before. The little baggage car was fitted up with the boy Edison's chemical laboratory and printing press. As we moved slowly over to the Menlo Park headquarters Mr. Edison peddled a basket of apples and a bundle of Detroit newspapers of 70 years ago. The weather was very bad. Mr. Edison had not fully recovered from a serious attack of pneumonia, but he went through the trying ordeal of the celebration with the fortitude and enthusiasm of a boy. Over in the laboratory, with the assistant who had been with him 50 years ago, he demonstrated before Mr. Ford and President Hoover the creation of the first electric lamp. In the evening the greatest gathering of business, financial, engineering, and scientific leaders ever assembled in the world met to do Edison honor at a great dinner.

America has never produced and perhaps never will produce a more unique and useful character than Thomas A. Edison. To the end of time countless generations will enjoy the gifts of his genius and find happiness and comfort in the work which he accomplished. He died as he lived; joyous, intrepid, dauntless in mind and heart. Outspoken and courageous in the expression of his opinions, he exhibited a remarkable reticence as to his beliefs concerning the spiritual realities of life. As he was slipping away into the final sleep it is recorded that his face became illumined as from an inner light. Opening his eyes he said to those about him, "It is very beautiful over there." It would seem that this greatest of all apostles of light had caught a foregleam of that splendor which lies beyond the shadows of earth.

The Cincinnati Enquirer of November 16, 1931, carried a record of Mr. Edison's views on many subjects expressed in almost axiomatic form as set down from time to time by Mr. John F. O'Hagan, one of his fellow workers.

#### "ON RELIGION"

"The greatest monument of all time was the Cross of Calvary. It has had a greater effect on more people for a longer time than

any other thing erected by man. I am not an atheist. Some people call me an agnostic. You know I have always dealt with material things and it is hard to expect me to believe things I can not see, smell, taste, or touch. It is impossible to measure the spiritual by the material.

#### "ON MEN AND THEIR MUTUAL RELATIONS"

"I have friends in overalls whose friendship I would not swap for the favor of kings. The greatest of all studies is human nature. The world owes nothing to any man but every man owes something to the world. Friendship is the heaven of life. Ingratitude is the most unforgivable of human weaknesses. Until man duplicates a blade of grass nature can laugh at his scientific knowledge. From his neck down a man is worth a couple of dollars a day. From his neck up he is worth anything that his brain can produce. Reverses should prove an incentive to great accomplishment. The thing with which I lose patience most is the clock. Its hands move too fast. The only time I become discouraged is when I think of all the things I would like to do and the little time in which I have to do them."

To evaluate the life and work of Thomas Edison one would have to write the economic and social history of the last half century. He was the supreme pathfinder and leader for a space of two generations in which mankind achieved more complete mastery over the forces and resources of nature than in all the preceding ages.

He stands as the shining symbol of America, the land of equal opportunity for all. He was the prophet of the machine age, and by his creative genius he helped to bring our civilization face to face with its most searching test. He solved problems and created problems, economic and social, which society as a whole must solve or perish. Having devised almost miraculous ways and means for saving labor, Edison has left to his successors the task of saving the laborers from the curse of unemployment and its attendant horrors of economic dependence.

If he could speak to us to-night, I am convinced his message would be "Keep America American. Do not falter in your loyalty to those principles of personal initiative, private ownership of property, free cooperation among all classes of citizens for the good of all which have made our country the hope of the world."

In June of this year Mr. Edison sent a message to the electrical industry, then in convention in New Jersey.

"I appreciate your greetings. My message to you is to be courageous. I have lived a long time. I have seen history repeat itself again and again. I have seen many depressions in business. Always America has come out stronger and more prosperous. Be brave as your fathers before you. Have faith. Go forward."

The electrical industry, largely through the genius of Thomas Edison, pioneering far in advance of all his contemporaries in the realm of discovery and invention, has become the greatest single material service ever rendered mankind. The humblest worker in the electrical industry has reason for pride and thankfulness that he is associated with so great a human service. The electrical industry has lifted drudgery from the weary backs of millions in home and factory and farm. It has lighted the pathway of art and science and industry in these ever-widening services of mankind. It is still in its infancy. I congratulate those present who are associated in this great service and would join in the exhortation of our fallen leader and say to one and all, "In spite of clouds and darkness and difficulties, have faith. Go forward."

#### CAPT. NATHAN O'BERRY

Mr. ABERNETHY. Mr. Speaker, I take this opportunity to pay tribute to a distinguished citizen of my district and State, who has just answered the great call, Capt. Nathan O'Berry, who would have been 76 years of age on the 26th of this month.

Mr. Speaker, I ask unanimous consent to extend my remarks on the life and public character of this very estimable gentleman and constituent of mine, who was buried this morning.

The SPEAKER. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, Capt. Nathan O'Berry was born in Tarboro, N. C., on January 26, 1856. He was the son of Thomas and Cinderella (Pope) O'Berry. His early opportunities were meager, and it was only an innate ambition and ability that enabled him to equip himself for the battle of life.

He moved to Goldsboro in 1887, and there became a leader in the civic and industrial life of the city. In 1882 he was married to Miss Estelle Moore, of New Hanover County. He is survived by his widow; a son, Thomas O'Berry, of Goldsboro; and a daughter, Mrs. Ross Ecelwee, of Statesville.

Captain O'Berry was one of the pioneers in developing the lumber industry in eastern North Carolina. He was closely associated with every enterprise that had to do with the upbuilding of Goldsboro and the surrounding section. His long business activities brought to him hosts of friends who will ever cherish the associations had with him.



He had a rugged character and led a life of immaculate purity. His dealings with his fellow men were tempered with gentleness of spirit. He was ever willing to help those less fortunate than himself, and had a keen insight into the problems of his fellow citizens. His was a life of dignity and simplicity. Never a seeker of public office or acclamation, he always sought the good will and esteem of his fellow man. This was ever his. There is little of the details of his long life that is not already well known to the people of his State. Those who were privileged to come in contact with him, learned to love him. It was a fitting tribute to a life already well spent that upon the death of our State treasurer, Ben Lacy, without solicitation, he was appointed treasurer of our great State; not merely as an honor to him as a man, but as a tribute to his great ability. Thus, at the age of 73, when he had already retired from the active duties of business, he accepted this high position of honor and trust, which he filled capably to the last hour. His generosity knew no bounds, yet he was never pretentious in doing good for those around him. He never rose above the ranks of his neighbors, he preferred more to walk with them. He was truly a great spirit who walked humbly with his God. His State and Nation have lost a good man, a splendid citizen.

#### SENATE BILLS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 159. An act for the relief of R. B. Miller; to the Committee on Claims.

S. 458. An act for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith; to the Committee on Claims.

S. 971. An act for the relief of Milburn Knapp; to the Committee on Claims.

S. 1037. An act to amend the radio act of 1927, approved February 23, 1927, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

S. J. Res. 14. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

S. J. Res. 60. Joint resolution authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for the relief of people in distress; to the Committee on Agriculture.

#### ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 28 minutes p. m.) the House adjourned until to-morrow, Friday, January 8, 1932, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. DRIVER: Committee on the Territories. H. R. 309. A bill to amend section 4 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; without amendment (Rept. No. 26). Referred to the House Calendar.

Mr. GIBSON: Committee on the Territories. H. R. 310. A bill to amend section 100 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900; with amendment (Rept. No. 27). Referred to the House Calendar.

Mr. LEAVITT: Committee on Irrigation and Reclamation. H. R. 5649. A bill to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its

tributaries, and for other purposes"; with amendment (Rept. No. 28). Referred to the House Calendar.

Mr. COLLIER: Committee on Ways and Means. H. R. 6662. A bill to amend the tariff act of 1930, and for other purposes; with amendment (Rept. No. 29). Referred to the Committee of the Whole House on the state of the Union.

#### CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 6229) granting a pension to Belle Hockensmith, and the same was referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ENGLEBRIGHT: A bill (H. R. 7182) authorizing appropriations for the construction and maintenance of improvements necessary for protection of the national forests from fire, and for other purposes; to the Committee on Agriculture.

By Mr. HARLAN: A bill (H. R. 7183) to provide that certain veterans not honorably discharged shall be admitted to Veterans' Administration homes; to the Committee on World War Veterans' Legislation.

By Mr. WOLVERTON: A bill (H. R. 7184) to authorize the donation of obsolete Army rifles and accessories to organizations of war veterans, and for other purposes; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 7185) to establish a national cemetery within the Fort Lewis Military Reservation, State of Washington; to the Committee on Military Affairs.

Also, a bill (H. R. 7186) to authorize the erection of a 300-bed addition to the United States Veterans' Administration hospital at American Lake, Wash.; to the Committee on World War Veterans' Legislation.

By Mr. BOILEAU: A bill (H. R. 7187) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. CROWE: A bill (H. R. 7188) to provide for the establishment of a term of court at Bedford and to abolish term of court at New Albany, Ind.; to the Committee on the Judiciary.

By Mr. HOWARD (by request): A bill (H. R. 7189) to authorize an issue of bonds to meet expenditures for aiding the unemployed and others to establish homes on 5 to 40 acre tracts of land; to the Committee on Ways and Means.

By Mr. HOOPER: A bill (H. R. 7190) to authorize the erection of a 362-bed addition to the United States Veterans' Administration hospital at Camp Custer, Mich.; to the Committee on World War Veterans' Legislation.

By Mr. COCHRAN of Missouri: Resolution (H. Res. 93) proposing an amendment to paragraph 34 of Rule XI of the House of Representatives; to the Committee on Rules.

By Mr. KNUTSON: Resolution (H. Res. 94) authorizing the Speaker to appoint a select committee to investigate stock transactions of banks and trust companies; to the Committee on Rules.

By Mr. GIFFORD: Joint resolution (H. J. Res. 183) proposing an amendment to the Constitution of the United States; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. LONERGAN: Joint resolution (H. J. Res. 184) providing for the ratification of constitutional amendments by popular elections; to the Committee on the Judiciary.

By Mr. AMLIE: Joint resolution (H. J. Res. 185) to amend the Constitution of the United States; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LAMNECK: A bill (H. R. 7191) for the relief of Albert G. Dawson; to the Committee on Military Affairs.



By Mr. McCLINTOCK of Ohio: A bill (H. R. 7192) granting a pension to James J. Lenhart; to the Committee on Invalid Pensions.

By Mr. PARSONS: A bill (H. R. 7193) granting a pension to Susan Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7194) granting a pension to Clara K. Brandon; to the Committee on Pensions.

By Mr. SABATH: A bill (H. R. 7195) granting a pension to Joseph Kotrsal; to the Committee on Pensions.

Also, a bill (H. R. 7196) for the relief of Tony Krenc; to the Committee on Claims.

Also, a bill (H. R. 7197) for the relief of Joseph Sustowski; to the Committee on Claims.

Also, a bill (H. R. 7198) for the relief of the Boston Store Co., a corporation, Chicago, Ill.; to the Committee on Claims.

Also, a bill (H. R. 7199) for the relief of Frank Martin; to the Committee on Claims.

Also, a bill (H. R. 7200) for the relief of William Chinsky; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H. R. 7201) to permit construction, maintenance, and use of certain pipe lines for petroleum and petroleum products in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SWICK: A bill (H. R. 7202) granting an increase of pension to Amanda Estep; to the Committee on Invalid Pensions.

By Mr. WEST: A bill (H. R. 7203) granting a pension to Julius W. Meade; to the Committee on Pensions.

By Mr. KNIFFIN: A bill (H. R. 7204) granting an increase of pension to Catherine Brown; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 7205) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. HOOPER: A bill (H. R. 7206) granting an increase of pension to Lydia Woodey; to the Committee on Invalid Pensions.

By Mr. HERR: A bill (H. R. 7207) for the relief of William Smith; to the Committee on Claims.

Also, a bill (H. R. 7208) for the relief of Christian F. M. Nelson, D. S. C.; to the Committee on Claims.

By Mr. GAMBRILL: A bill (H. R. 7209) for the relief of John W. Disney and Bertha A. B. Disney; to the Committee on Claims.

Also, a bill (H. R. 7210) for the relief of John G. Schulz; to the Committee on the District of Columbia.

By Mr. GILCHRIST: A bill (H. R. 7211) for the relief of John C. Harker; to the Committee on Military Affairs.

By Mr. FISH: A bill (H. R. 7212) for the relief of Charles Wellesley Berrington; to the Committee on Naval Affairs.

By Mr. FOSS: A bill (H. R. 7213) granting an increase of pension to Lillian R. Hills; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 7214) granting an increase of pension to Armenia Magann; to the Committee on Invalid Pensions.

By Mr. COYLE: A bill (H. R. 7215) for the relief of May Weaver; to the Committee on Claims.

By Mr. CRAIL: A bill (H. R. 7216) for the relief of Elijah C. LeCount; to the Committee on Military Affairs.

Also, a bill (H. R. 7217) granting a pension to Adelaide E. Frieseke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7218) for the relief of Herman W. Bensei; to the Committee on Military Affairs.

By Mr. JOHNSON of Washington: A bill (H. R. 7219) for the relief of Kate R. Nelson; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

293. By Mr. AMLE: Memorial of State Legislature of Wisconsin, urging enactment of legislation to prohibit the manufacture and sale of oleomargarine; to the Committee on Agriculture.

294. Also, memorial of Kenosha Trades and Labor Council, urging emergency tax on high incomes and inheritances for relief purposes; to the Committee on Ways and Means.

295. By Mr. BARBOUR: Resolution adopted by the Fresno County Farm Bureau, Fresno, Calif., indorsing the provisions of the Federal marketing act and the activities of the Federal Farm Board; to the Committee on Agriculture.

296. Also, telegram containing resolution by board of directors of the Kern County Chamber of Commerce, of Bakersfield, Calif., urging immediate action on legislation providing a tariff on oil; to the Committee on Ways and Means.

297. By Mr. BOHN: Petition of the board of directors of the Detroit Engineering Society, in favor of Dr. Henry W. Temple's proposal to revise the wording of the item for topographic surveys in the Interior Department appropriation bill to make the Temple Act more effective, to permit a more equitable distribution of public funds appropriated for topographic surveys, and to utilize effectively all the funds made available by Congress for that purpose; to the Committee on Appropriations.

298. Also, petition of Licensed Tugmen's Protective Association of America, urging that all licensed officers of all documented vessels of the United States holding a license issued by the United States steamboat inspectors be entitled to all benefits of the United States Public Health Service and Marine Hospital Division, and that presentation of such license by the person to whom issued, and being affirmed by oath, shall be good and sufficient evidence that the holder of such license is entitled to all benefits of the United States Public Health Service and Marine Hospital Division; to the Committee on Interstate and Foreign Commerce.

299. Also, petition of Calumet Woman's Club, Calumet, Mich., petitioning the President of the United States of America, the United States Senators and Representatives in Congress, to do their utmost in establishing a protective tariff sufficiently high to enable the domestic copper producers to equitably compete with foreign copper producers; to the Committee on Ways and Means.

300. Also, petition of members of Morley S. Oates Post, No. 701, Veterans of Foreign Wars of the United States, in favor of the national-defense program as sponsored by their national organization in convention assembled at Kansas City, Mo., on August 31 to September 5, 1931; to the Committee on Military Affairs.

301. By Mr. SHOTT: Memorial of Smokeless Coal Operators Association, of West Virginia, urging a tariff or embargo on foreign oils; to the Committee on Ways and Means.

302. By the SPEAKER: Petition of the army of the jobless, under the leadership of the Rev. Father James R. Cox, asking for legislation for the relief of the unemployed; to the Committee on Ways and Means.

303. By Mr. SWEENEY: Petition of Cleveland Motion Picture Exhibitors Association; to the Committee on Ways and Means.

304. By the SPEAKER: Petition of P. M. Cushing, asking enactment of nonpartisan relief legislation; to the Committee on Ways and Means.

## SENATE

FRIDAY, JANUARY 8, 1932

(Legislative day of Thursday, January 7, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY (S. DOC. NO. 46)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the several executive departments to pay claims for damages to privately owned property in the sum of \$9,690.90, that have been considered and adjusted under the provisions of law